INNOVATIVE SOLUTIONS FOR ESG CHALLENGES

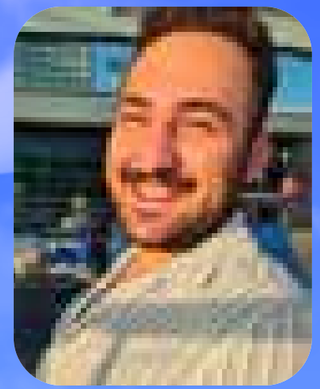
ELBIT SYSTEMS ESG REPORT 2023

Ohad Ashur R.I.P

Omri Rot R.I.P

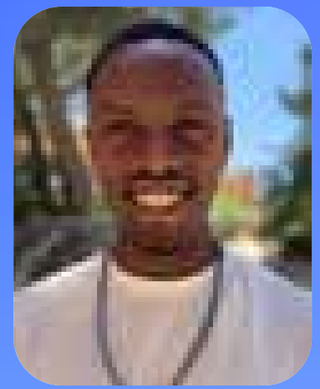
Avichai Amsalam R.I.P

Nitai Meiseles R.I.P



Liav Atiya R.I.P

Mordechai Haim Amoyal R.I.P



Benjamin Destawo Nagosa R.I.P

This report is dedicated to our fallen employees who lost their lives fighting to safeguard our nation.

May their memory be a blessing

Table of Contents

Introduction by the President and CEO 3
About Elbit Systems 4
Our Segments 5
Vision and Mission 6
2023 Highlights 7
About the Report 8

Index

ESG Data 60
GRI Index 63
SASB Index 65

01
ESG Strategy 9

02
Sustainable Operations 13

03
The Swords of Iron War 19

04
Solutions That Protect and Enhance Lives 25

05
Quality and Customer Satisfaction 33

06
Empowering Employees 35

07
Supporting Communities and Advancing Technology Education 44

08
Responsible Supply Chain 50

09
Protecting the Environment 54

Introduction by the President and CEO

I'm pleased to present Elbit Systems' ninth ESG Report, for 2023. As a company that aspires to be a global leader of innovative technology-based systems for a variety of defense and civilian applications, the pursuit of excellence in the fields of the environment, society and corporate governance is part of our business model.

Elbit Systems employs tens of thousands of workers in Israel and around the world, and is constantly growing. We base our work on the values and principles of corporate responsibility, and not just because it's the right thing to do: adopting these principles helps us in times of crisis, and strengthens the trust between us and our stakeholders.

The period in which this report is being published is one of unprecedented uncertainty. Beyond the ongoing instability in Europe and the volatility in the world's financial markets, on October 7th 2023, life in Israel changed beyond recognition. The severe fighting that was and is still going on in the south and north of the country has altered Israel's society and economy, right before our eyes. However, in this difficult time, the most beautiful sides of the Israeli people have been revealed, characterized by giving, mutual responsibility, care and self-sacrifice. Despite the national mourning and unceasing anxiety, the challenges of these times have not prevented thousands of our employees from continuing, and even increasing, their volunteer activities for the community, wherever and whenever they are needed.

When the war broke out, we quickly got organized and took the necessary steps to ensure the safety of our employees, and support their resilience. This included the thousands of employees, and their family members, who were drafted into the military reserves. We did this without compromising business continuity for our customers, either in Israel or around the world. In addition, we increased our contribution to the community with an emphasis on donations to towns, communities and individuals that were directly affected by the fighting, and even made the Synch application, developed by Elbit, available to support the communication needs of thousands of home-front volunteers across the country. Our Company's contribution to the war effort during this period also strengthened our recognition of the fact that the security of the State of Israel is intertwined with the actions of Elbit Systems.

What you will read in this report reflects our efforts and the steps we have taken in the areas of cyber security, AI, employee diversity, occupational health and safety, supply chain sustainability, and more. In terms of our work in the community, in 2023 we continued to invest in technology education projects, with an emphasis on reducing gaps between different sectors of Israeli society and encouraging girls and women to integrate into technological engineering professions.

Proper, solid corporate governance is a cornerstone of our practice. Our Board of directors operates in accordance with strict corporate governance procedures, and we implement work practices and procedures that guide the professional ethical conduct of our directors and employees, and those throughout our value chain.

We recognize the impact of climate change on the world in general, and our business activities in particular, and implement measures to reduce the carbon footprint resulting from our work accordingly. In 2023, for the first time, we began using energy from renewable sources for the Company's production and ongoing operations. We plan to intensify this move, which will lead to a decrease in emissions, in the coming years. In addition, we have a number of products that contribute to a greener environment, which you can read about throughout this report.

To our deep regret, since the beginning of the war we lost seven of our employees, heroes of Israel, who will always be part of the Elbit family. This report is dedicated to Nitai Meisels, Benjamin Destawo Nagosa, Ohad Ashur, Liav Atiya, Omri Rot, Mordechai Haim Amoyal and Avichai Amsalam, may their memories be blessed, who fell in the heavy battles that took place in the Gaza strip, Gaza envelope and in Lebanon. Their legacy will forever be engraved in our hearts and the hearts of the people of Israel, and we will continue to maintain a strong connection with their families. As at the time of writing, hostages are still being held in Gaza, some of them friends and family members of the Company's employees. We hope and pray that we will soon see them back home with us, and that we will be able to devote ourselves to the work of rehabilitation and revival that is expected of us.

We see corporate responsibility as a journey, and we are committed to adding and deepening the integration of ESG values throughout our Company in the coming years as well. We thank you for expressing your interest in our work, and welcome your response to what is written in this report.

B. Machlis

Bezhalel (Butzi) Machlis

Elbit Systems President and
Chief Executive Officer

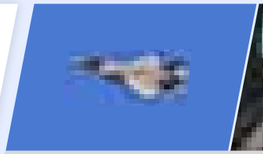
About Elbit Systems

Elbit Systems is an international, publicly traded high-technology Company, that is engaged in a wide range of programs that protect and enhance lives, throughout the world. In addition to developing and supplying a broad portfolio of airborne, land and naval systems and products for defense, homeland security, cybersecurity and commercial applications, we also provide support services, including training and simulation systems. Headquartered in Israel, we have subsidiary operations in dozens of countries around the world. At the end of 2023, we had 18,984 employees.

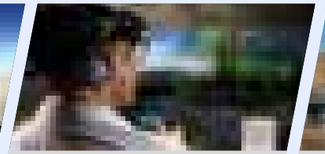
With a “one-company” approach of developing integrated and synergistic solutions that combine our different technologies, we are positioned to meet evolving customer needs for greater safety, security, reliability and cost-efficiency. Our wide-ranging market knowledge and technical expertise enable us to tailor and adapt our technologies, integration skills, and operationally proven systems to the individual requirements of each customer.

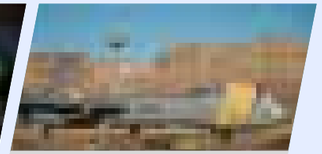
Our Segments

AEROSPACE


Military Fixed-wing & Helicopter systems

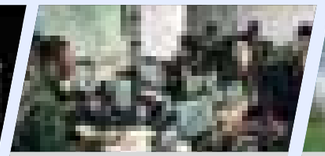
Training Solutions & Support

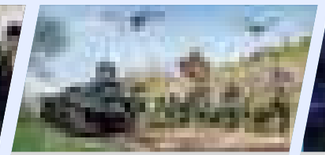

Commercial Aviation Systems Aerostructures &


Unmanned Aircraft Systems

C⁴I & CYBER

Communications

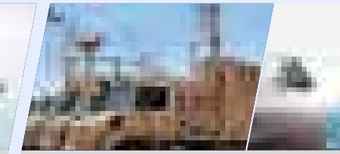

Network combat systems (C⁴I)

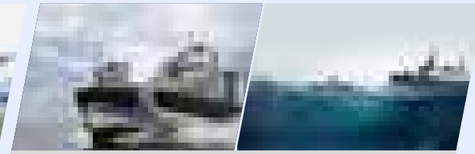

Robotics & Autonomy

Cyber Intelligence

ISTAR & EW

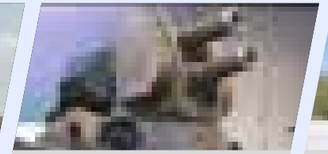
Electronic Warfare, Signal Intelligence and Radar Systems


Electronic Warfare, Signal Intelligence and Radar Systems

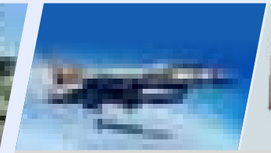

Naval Combat Management and Sonar Systems

LAND

Indirect Fire Systems


Active Protections Systems

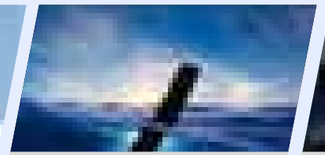
Turrets and Weapon Systems

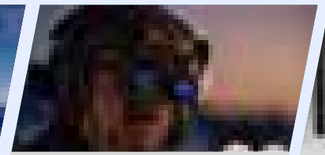


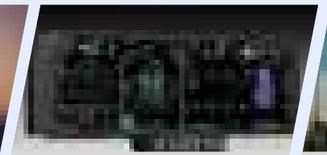
Ammunition and Munition Systems

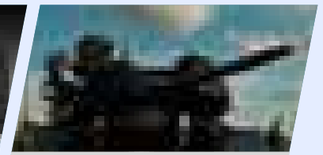
ELBIT SYSTEMS OF AMERICA

EW solutions

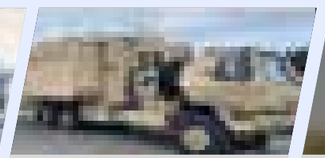

Maritime Solutions

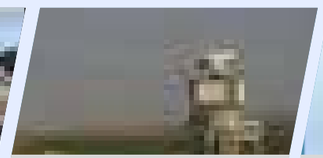

Next Gen Warfighter Systems

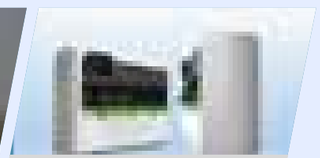

Commercial and Military Avionics


Ground Combat Vehicle Systems

Next Gen precision fires


Expeditionary and survivable C⁴I


Border Security


Medical Systems

Vision and Mission

The Vision

To be a global leader in designing and delivering innovative solutions for a secure and safer world.

The Mission

To support our customers' needs, by delivering innovative technological solutions, and leveraging the unique entrepreneurial and team spirit of our people.

2023 Highlights

$5,974.7
million
revenues

$424,420
thousands
R&D expenditure
(7.1% of revenues)

$215,131
thousands
net income

$17.8
billion
order backlog at the
end of 2023

18,984
global employees
at the end of 2023

David Federmann
Chair of the Board of Directors

Bezhalel Machlis
President and CEO

Community

$3 million contributed to our communities

More than **20,000** hours volunteered in the community by our employees

Employees

74% of our employees participated in our satisfaction survey[1]

0.9 global injuries per 200,000 hours in 2023

Environment

202 electric vehicles in our fleet

Customers

87% overall customer satisfaction rating[2]

78% of our customers provided direct feedback on our quality and service survey

Suppliers

70% of our Israeli purchasing expenditure was with Israeli suppliers

[1] Survey conducted at Elbit Systems Israel (ESL)
[2] In a 2022 survey. The next customer survey will take place in 2024

About the Report

This is the ninth ESG Report (the Report) of Elbit Systems Ltd. (the Company). In it, we set out our approach to ESG and the key actions we have taken since our last report to advance responsible practices in our business and enhance our impact on society and the environment.

This report was prepared in accordance with the current 2021 reporting standard of the Global Reporting Initiative (GRI). In addition, this year, for the first time, we report in line with the reporting standards of the Sustainability Accounting Standard Board (SASB).

Unless otherwise specified, the information in the Report covers our six primary operational geographies: Israel, the U.S., Brazil, Romania, Germany and the U.K., which, combined, represent more than 95 percent of our global workforce.

Unless otherwise stated, data and information in the Report relate to the calendar year 2023. All reported data is verified internally prior to publication. We only use external verification for carbon footprint assurance through ISO 14064-3.

In developing content for the Report, we considered input from employees as well as from other stakeholders such as customers, supply chain, shareholders and governmental regulators – obtained through our periodic communications with them. An ESG Steering Committee, headed by senior representatives of the Company's executive management, determined the selection of content for the Report, based on the advice of internal and external experts who evaluated the sustainability context and performed a benchmark study and an internal review of Elbit Systems' most material sustainability impacts.

We examined the material issues for our business sector in light of the abovementioned reporting standards, new ESG regulations, ESG rating expectations, and benchmarks from leading global companies. We also considered feedback we received on material ESG issues from various stakeholders during our routine communications with them. Based on the results of the validation process, there were few changes in the material topics for this report. The following topics have been added to the list of material topics: Climate Risk Management, and Employee Welfare and Appropriate Work Environment. In addition, the material topic Economic Performance, R&D and Innovation has been changed to: Developing New Products with Added ESG Value.

Contact for feedback:
We welcome your queries, suggestions, comments and feedback to:

Amit Lotan, Global EHS and ESG Manager
Amit.lotan@elbitsystems.com

Maya Borkow, ESG Analyst
maya.borkow2@elbitsystems.com

Category	Material topic	Explanation
Governance and Economy	Corporate Governance, ESG Risk Management and Business Ethics	Maintaining proper corporate governance to manage key ESG risks, such as climate change, working conditions, and human rights, and implementing the Ethics Code across all Company operations. This topic includes practices related to the prevention of bribery and corruption, regulatory compliance, and embedding values such as integrity, fairness, reliability and professionalism in all the Company's operations.
	Developing New Products with Added ESG Value	Creating shared value through investment in R&D, sustainable innovation, and collaborations and partnerships with relevant start-up companies and academic institutions.
	Cybersecurity	Protecting the security of confidential data to prevent and avoid data loss and theft, including maintaining the privacy of individuals.
	Business Continuity	Preparing and maintaining readiness for emergencies, to allow continuous availability of service for customers, while adhering to measures for the protection of the health and safety of employees, suppliers and other relevant stakeholders.
Social	Product Quality and Customer Service	Providing safe, top-quality products. Offering high-quality customer support, transparency and responsiveness.
	Responsible Supply Chain	Conducting responsible business with suppliers and subcontractors, respecting their rights, promoting local and social procurement, and integrating environmental and social considerations throughout our supply chain and offset activities.
	Employee Welfare and Appropriate Work Environment	Cultivating an empowering, fair and rewarding work environment, with no harassment of any kind.
	Development and Training, Diversity, and Equal Opportunities	Promoting employee satisfaction and retention through attractive employment conditions, namely a good and diverse work environment, provision of training, personal development opportunities, and career path advancement for talented employees.
	Health and Safety	Maintaining a safe and healthy workforce and workplace using ergonomic practices, providing proper equipment, and promoting worker resilience and well-being.
Environment	Climate Risk Management	Embedding environmental and climate considerations in business decisions, including R&D, supply chain management, infrastructure and more.
	Responsible Resource Consumption, Emissions Reduction, and Environmental Management	Reducing resource usage and emissions through efficient energy and water practices and waste and effluent management. Strengthening proper management of climate change risks and opportunities.
	Hazardous Chemicals and Materials	Responsibly using and treating hazardous materials and chemicals that are part or byproducts of our production processes.

This Report may contain forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Israeli Securities Law, 1968) regarding Elbit Systems Ltd. and/ or its subsidiaries (collectively the Company), to the extent that such statements do not relate to historical or current facts. Forward-looking statements are based on management's current expectations, estimates, projections and assumptions about future events. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions about the Company, which are difficult to predict, including projections of the Company's future financial results, its anticipated growth strategies and anticipated trends in its business. Therefore, actual future results, performance and trends may differ materially from these forward-looking statements due to a variety of factors, including, without limitation: scope and length of customer contracts; governmental regulations and approvals; changes in governmental budgeting priorities; general market, political and economic conditions in the countries in which the Company operates or sells, including Israel and the United States, among others, including the duration and scope of the current war in Israel, and the potential impact on our operations; changes in global health and macro-economic conditions; differences in anticipated and actual program performance, including the ability to perform under long-term fixed-price contracts; changes in the competitive environment; and the outcome of legal and/or regulatory proceedings. The factors listed above are not all-inclusive, and further information is contained in Elbit Systems Ltd.'s latest annual report on Form 20-F, which is on file with the U.S. Securities and Exchange Commission. All forward-looking statements speak only as of the date of this release. Although the Company believes the expectations reflected in the forward-looking statements contained herein are reasonable, it cannot guarantee future results, level of activity, performance or achievements. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. The Company does not undertake to update its forward-looking statements.

ESG STRATEGY

ESG Strategy

Sustainable and responsible business conduct at Elbit Systems helps the Company become a better and more resilient business, and is therefore important to our long-term success. As customers and other stakeholders increasingly demand greater transparency on ESG matters, we continue to address ESG risks in our business to protect the Company's reputation, operations, employees, and business partners.

The Company's ESG approach is led by a Steering Committee comprised of senior business and corporate function leaders. Members of this Steering Committee include the Executive Vice Presidents of Operations, Human Resources, R&D and Compliance, as well as the Corporate Secretary, the Company Spokesperson, subject matter experts in operations, supply chain, HR, and our legal departments.

The Steering Committee meets several times a year to direct strategy, review progress, advance performance, and support communications. In addition, our ESG risks, opportunities, and management strategies are reviewed annually by executive management and the Board of directors.

The Steering Committee also advises and identifies stakeholders with whom the Company engages on ESG issues, including customers, supply chain members, regulators, shareholders, and local communities.

Stakeholder Dialogue

Elbit's stakeholders include, but are not limited to: customers, employees, business partners, suppliers, and shareholders. Each have their own expectations for Elbit, according to their position and unique requirements. The Company maintains an ongoing dialogue with its stakeholders to better understand their expectations and address any challenge that may arise. The following are selected examples of key groups of stakeholders and the nature of our dialogue with them. You can read about the outcomes of the dialogue and the topics raised by the stakeholders, throughout this Report.

Main Dialogue Channels in 2023

Stakeholder	Dialogue Channels
Employees	• Employee survey • Annual evaluation and feedback • Organizational portal • Workshops, webinars and conferences • Roundtable meetings of senior management and employees
Customers	• Customer survey • Ongoing meetings, calls, exhibitions and conferences
Supply Chain	• Supplier survey • Routine meetings, visits and calls • Supplier portal
Community	• Collaboration with NGOs in the field of technology education • Ongoing collaboration through monetary donations and volunteer work with a range of social and environmental non-profits
Academia & the Ecosystem	• Conferences and lectures by professionals at Elbit in universities and colleges • The Synergy7 accelerator
Investors	• Ongoing dialogue with local and international investors and analysts including responding to ESG ratings

Supporting the UN's Sustainable Development Goals

Following the adoption of the Sustainable Development Goals (SDGs) by the United Nations in 2015, we examined our sustainability priorities and their alignment with the SDGs. We believe we make an important contribution to the attainment of these goals by protecting and enhancing lives through innovation and responsible business conduct.

In supporting the SDGs, we understand that we have both an obligation and an opportunity to promote prosperity for people and the planet. We have identified five of the 17 goals, in particular, that Elbit Systems advances through our business.

SUSTAINABLE DEVELOPMENT GOALS

5 GENDER EQUALITY

We are committed to responsible and transparent business practices and helping to promote gender equality in the workplace, by ensuring that women have equal opportunities for employment and advancement, and equal pay. We have initiated several community programs to help young women get involved in the technology field.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

We drive innovation that protects and enhances lives through effective homeland defense, cybersecurity and flight safety. Our innovations in critical communications and imaging technologies, infrastructure protection, and flight reliability and visibility make many aspects of life safer for citizens, and represent a key contribution to the security of our cities and communities in many countries around the world.

11 SUSTAINABLE CITIES AND COMMUNITIES

Our advanced technologies are applied in several ways to support smart-city development and critical infrastructure security, protecting and saving lives while providing optimal public security command and control solutions for crisis management, safe cities, events management and emergency teams.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We make a positive economic contribution in the countries where we operate, engaging with multiple suppliers and partners to advance the development and uptake of technology, training customers to deploy new technology, employing thousands of individuals and improving their skills, and maintaining responsible and transparent business practices.

13 CLIMATE ACTION

We manage our resources efficiently, and continually strive to reduce our consumption of energy, water and other materials, while reducing our impact on climate change, and generating less waste.

Our strategy 2021-2025

Category	Topic	Goal	Target	2023 Status
Governance and Economy	**Corporate Governance, ESG Risk Management, and Business Ethics**	Reduce risk of unethical behavior.	Provide anti-corruption and ethics training to 100% of employees, every 2 years.	The majority of relevant employees underwent ethics and compliance training.
			Perform annual ethical risk assessments at all operational sites.	Ongoing.
	Economic Performance, R&D, and innovation	Continued investment in breakthrough R&D and innovation activities, that help protect and save lives, in accordance to governmental directives.	Expand portfolio with a variety of new, leading-edge solutions.	Ongoing.
Social	**Cybersecurity**	Improve cybersecurity maturity level/ posture.	Mitigate 80% of high-level risks identified in cross-organizational cyber risk assessments, by 2023.	Completed.
	Product Quality and Customer Service	Improve customer satisfaction.	Achieve 5% increase (vs. 2020 baseline) in overall customer satisfaction rating, by 2025.	Completed. In 2022, average customer satisfaction was approximately 87%.
		Expand quantity and quality of customer feedback.	Receive direct feedback from 80% of key customers, by 2022.	Completed (in 2022).
	Responsible Supply Chain	Increase business with minority-owned businesses.	Achieve 50% increase in volume of business with minority-owned companies.	Ongoing. In 2023 nine of our suppliers were minority owned businesses.
	Supplier Conduct	Improve ethical awareness and conduct of suppliers.	Secure commitment by suppliers to uphold ethical practices.	Elbit's purchasing terms and conditions include a Supplier Code of Conduct. The Supplier Code makes suppliers aware that the Company expects them to conduct business activities in a fair and ethical manner, in addition to complying with all applicable laws and regulations.
	Spending with Locally-Owned Businesses	Improve awareness of Elbit's procurement organizations regarding the importance of responsible supply chain spending with locally-owned business.	Give sourcing preference to local suppliers.	Ongoing.
	Conflict Minerals	Expand the conflict materials process to involve additional Elbit subsidiaries.	Distribute questionnaires to 800 suppliers during each year.	Completed.
		Limit the use by suppliers of smelters of high concern.	Take corrective action regarding suppliers using smelters of high concern.	Completed.

Category	Topic	Goal	Target	2023 Status
Social	**Responsible Employment, Diversity, and Equal Opportunities**	Increase gender diversity.	Ensure that 26% of employees are women, by 2023.	Completed At the end of 2023, 27% of the employees were women.
	Health and Safety	Improve employee safety.	Reduce work injury rate by 20% (vs. 2020 baseline) by 2025.	Not completed[3].
			Reduce rate of work days lost due to injury by 20% (vs. 2020 baseline) by 2025.	
	Advancing Technology Education	Improve technological resilience and capability in local communities.	Put in place active programs that support technology education in Israel, Brazil, and the U.S.	Completed.
Environment	**Responsible Resource Consumption, Emissions Reduction, and Environmental Management**	Install solar panels at two of our main sites in Israel.	Start generating 3.6MW of renewable energy in 2023.	Completed.
		Increase the use of electric cars by employees and in the Company's car fleet.	Deploy 500 electric cars, by 2025.	Ongoing. By the end of 2023, 202 of the cars in the Company's fleet were electric.
		Report according to the TCFD.	Report according to the TCFD, by 2024.	Not completed. We are currently prioritizing our reporting references in light of the new European and U.S ESG regulations.
		Reduce electricity consumption (kWh/m²) - Scope 2	Achieve 5% reduction (vs. 2020 baseline), by 2023.	Not completed.
		Reduce fuel consumption (liter/car) - Scope 1	Achieve 5% reduction (vs. 2020 baseline), by 2023.	Completed.
		Reduce CO_2-eq emissions (ton/dunam) – Scope 1 and 2	Achieve 5% reduction (vs. 2020 baseline), by 2023.	Not completed[4].
		Reduce absolute CO_2-eq emissions (ton) – Scope 2 only	Achieve 7.5% reduction (vs. 2020 baseline), by 2023.	
		Reduce water consumption (m³/employee)	Achieve 5% reduction (vs. 2020 baseline), by 2023.	
		Increase rate of recycling	Achieve minimum 40% of total waste to recycling as opposed to landfill.	Ongoing, we reached 32% recycling rate in 2023.

[3] In Q4 2023, we recruited new employees, some of them on a temporary basis. Combined with the double shifts, we believe this may have contributed to an increase in work injuries. We offered relevant trainings to mitigate this risk.

[4] Following the October 7th attack, a significant number of Elbit's sites shifted to a double-shift operation and even continuous 24/7 work. Elbit's environmental targets were set in 2020 based on a "business as usual" scenario and aligned with resource consumption from previous years. The production in Q4 led to greater resources consumption and as a result, to an increased GHG emissions.

SUSTAINABLE OPERATIONS

Sustainable Operations

Our impacts as a business are derived not only from our innovation, which protects and enhances lives, but also from the way in which we conduct ourselves as a responsible business. We aim to maintain an ethical, compliant and sustainable approach, throughout our business activities.

Corporate Governance, Business Ethics and Compliance

As a company whose shares are publicly traded on the NASDAQ and on the Tel Aviv Stock Exchange (TASE), we follow a range of corporate governance best practices.

Our Board of Directors

Elbit Systems' Board of directors (the Board) is composed of nine directors, the majority of whom (five out of nine) meet the independence criteria of both the NASDAQ rules and Israel's Companies Law. Two of the independent directors also meet the stringent independence criteria for External Directors under Israeli law. Each of the Board's three committees – the Audit and Financial Statements Review Committee (Audit Committee), the Corporate Governance and Nominating Committee (CGN Committee), and the Compensation Committee – consists entirely of independent directors. In addition, the Audit Committee and the Compensation Committee are both chaired by external directors.

The Board's committees operate in accordance with publicly-disclosed charters. The charter of the CGN Committee contains a Director Independence Statement, a gender diversity policy, a Board meeting participation policy (the average participation rate in 2023 was 97 percent), and a membership limit stating that an Elbit Systems director may serve on the Board of no more than four other publicly traded companies. Regarding age diversity, two directors were between the ages of 45 and 60, and seven were above the age of 60.

Our directors have a range of experience in senior roles in government, industry and academia. Two of our directors have been determined to have "financial and accounting expertise", and all other directors have been determined to meet the financial "professional competence" criteria under Israeli law. None of our directors serves in an executive managerial capacity at the Company. The average Board tenure of our directors in 2023 was over 10 years. Our directors are typically elected annually by our shareholders, with the exception of the external directors, who are elected by the shareholders for a term of three years, in accordance with Israel's Companies Law.

The average Board tenure of our directors in 2023 was **over 10 years.**

Board of Directors – Focus on Compliance and Avoidance of Conflicts of Interest

Our Board and its committees conduct periodic reviews of the Board's practices and Board-related charters. Board practices are also reviewed as part of our internal audit program.

The Board is sensitive to potential conflicts of interest. Transactions of the Company in which a director or executive officer may have a personal interest, undergo review and approval processes by our Audit Committee and/ or Compensation Committee, the Board and, in some cases, our shareholders, all in accordance with applicable regulatory requirements. Our Audit Committee also oversees our whistleblower mechanism and reviews major ethics matters. All of our directors undergo ethics, anti-bribery and corruption compliance training.

The Board discusses the appointment of directors at least once a year and, in this context, indirectly examines its suitability for the Company's needs. Additionally, the Company's internal audit examines aspects of the Board's work; for example, in 2023 a review was conducted regarding the implementation of Board decisions.

Compensation Policy

The Board and its Compensation Committee oversee our compensation policy for directors and executive officers, which is approved at least every three years by our shareholders, as required by Israeli law. In September 2024 our shareholders approved an updated compensation policy (the Compensation Policy), following the recommendation of our Compensation Committee and Board.

All of our directors are compensated in accordance with standard compensation rates for external directors under Israeli law, which include an annual fee and per-meeting fees. The Compensation Policy is designed to align the compensation of executive officers (including our President and CEO) with the Company's goals and work plan, from both a short-term and a long-term perspective. The Compensation Policy establishes limits on executive officers' remuneration with respect to salary, stock options and bonuses. Annual bonuses are tied to the achievement of specific targets, and in some cases the targets are linked to ESG goals, such as ethics and compliance. In 2023, a Clawback Policy regarding recovery of erroneously awarded compensation was adopted, in accordance with the new SEC regulations.

ESG Risk Management

Our Board monitors our ESG-related activities and risks, annually and on a case-by-case basis, as applicable. In addition, the Board directly approves aspects of our ESG programs, including our Code of Business Conduct and Ethics, our Human Rights Statement and our Compensation Policy, as well as Board-related corporate governance policies, including our signatory rights procedure, diversity, and independence of directors policies, and policies related to securities laws. Moreover, as part of its oversight of risk management, the Board periodically reviews major risks, including ESG-related risks.

Our ESG activities and risks are managed by a senior management steering committee, led by our Executive Vice President (EVP), our Chief Operating Officer (in the areas of environment, health and safety, the supply chain, and operational excellence), our EVP Chief Human Resources (in the areas of fair labor practices, employee development, diversity, and community engagement), our EVP Chief Strategy and Technology (in the area of innovation), our SVP Chief Corporate Governance (in the area of corporate governance) and our VP Chief Ethics (in the areas of ethics and prevention of bribery). In 2023, an internal audit was conducted, examining ESG management and procedures at Elbit.

Business Ethics and Compliance

Ethics – A Cornerstone of our Business Practices

Ethical conduct is a cornerstone of our business practices, one of our core values, and the basis for generating trust among our customers, supply chain, employees and other business partners and stakeholders. With thousands of employees and worldwide operations, instilling a culture of ethical conduct helps safeguard our business, and provide a positive working environment.

Ethics and Compliance Policies – Wide Ranging and Regularly Updated

Our ethics and compliance policies apply to our Board of directors, officers and employees worldwide. We also expect our supply chain and offset activity partners (customer-obligated purchases, investments and related activities) to follow ethical practices. Our policies cover a wide range of areas, including: conflicts of interest, prevention of bribery and corruption, gifts and entertainment, human rights, fair labor practices, sexual harassment and workplace bullying, lobbying, political activities and contributions, charitable contributions, insider trading, treatment of sensitive and proprietary information, fair competition, privacy, and nepotism. To find out more about our policies, visit our website.

Additional ethics-related areas addressed in our policies regarding our supply chain and offset compliance activities include: modern slavery and human trafficking, child labor, responsible sourcing of materials, including conflict minerals, counterfeit parts, and environment, health and safety.

We publish our primary ethics-related policies on our website. These include our Code of Business Conduct and Ethics (Ethics Code), Whistleblower and Investigations Procedure (WIP), Anti-Bribery and Corruption Compliance Policy (ABCC Policy), Anti-Bribery and Corruption Due Diligence Procedure (DD Procedure), Business Entertainment and Gifts Policy, Supplier Code of Conduct (Supplier Code), Human Rights Statement, and Conflict Minerals Policy.

We regularly review and update these policies and procedures to reflect evolving regulations, best practices and risk management considerations. As part of our risk management processes, we conduct annual reviews of ethics-related risks. For our worldwide subsidiaries, we adapt the policies to the requirements of local laws. For example, we amend our ABCC Policy to reflect local anti-bribery laws and regulations, the U.S. Foreign Corrupt Practices Act in the U.S., the U.K. Bribery Act in the U.K., and the Brazilian Clean Companies Act in Brazil. Another example is addressing the U.K. Modern Slavery Act in the Supplier Code of our U.K. subsidiaries. Policies are prepared in the language spoken at the applicable subsidiary.

Senior Management Focus on Handling Ethics Complaints

Our global compliance and ethics activities are led by our Legal Department's senior management, including Corporate Legal Counsel, Chief Ethics Officer and Chief Anti-Bribery and Corruption Officer, Ethics committees (which include senior representatives from the legal, compliance and HR departments, as well as other management functions) operate at the Company's headquarters and at the major business division levels. Our major international subsidiaries typically have their own designated ethics officers/ compliance managers, who collaborate with the corporate legal department managers as noted above when required.

The WIP (Whistleblower and Investigation Procedure) sets out the basis for reporting, investigation, evaluation and remediation regarding ethics-related incidents. It provides for a range of whistleblowing channels, including reporting to the Chair of the Board's Audit Committee and/ or to the Chief Ethics Officer, even anonymously. Our U.S. subsidiary, Elbit Systems of America (ESA), also offers a 24-hour ethics hotline.

Complaints are reviewed discreetly, and information received is treated confidentially. The WIP contains a non-retaliation policy for any complaints made in good faith. Following receipt of a complaint, a determination is made, in coordination with the Chief Ethics Officer and the Corporate Legal Officer (CLO), as to whether the complaint warrants investigation by an ethics committee. We may engage consultants, such as outside legal counsel, where appropriate.

Significant allegations, including those that may be related to senior executives or directors, are reported to the Audit Committee, which determines the extent to which it will be involved in the review of the matter. Upon completion of an investigation, decisions are made with respect to remedial measures, including, in certain cases, termination of employment and other sanctions.

In 2023, less than ten substantial ethics complaints were received through our various channels. Two employees were terminated following the complaints.

Enhancing Ethics in our Supply Chain and Offset Activities

We expect our supply chain and parties involved in our offset activities to follow ethical practices similar to our own. Our Supplier Code is a vital part of the contractual obligations of our suppliers and offset parties. In addition to ethical and anti-bribery requirements, the Supplier Code also mandates that our supply chain comply with fair labor practices, including combating human trafficking and modern slavery, as well as fair sourcing of materials, and conflict minerals. It also provides a whistleblower channel for supply chain related concerns which enhances early detection of unethical practices and safeguards transparency and integrity.

Multi-Faceted Ethics and Compliance Training

We conduct a range of ethics and anti-bribery training activities. Our onboarding of new employees includes training on our Ethics Code. In addition, employees receive periodic refresher training on the Ethics Code, typically through IT-based training modules that focus on one or more of its aspects.

We recognize the importance of benchmarking our ethics-related compliance activities through engagement in leading business ethics organizations. We play an active role as members of the International Forum of Ethical Business Conduct (IFBEC) of the U.S. and European aerospace and defense industries. The purpose of IFBEC is to promote its Global Principles, which foster the development of global, industry-wide compliance and ethical standards.

Elbit Systems of America (ESA) attained the Ethisphere's Ethics Inside® Certification (EIC) for 2023. The certification process included evaluation of ESA on more than 100 separate criteria relating to corporate governance, corporate citizenship, and its ethics and compliance program. Ethisphere named ESA as one of the World's Most Ethical Companies for 2024, the sixth time in a row.

We also engage with other leading ESG-related organizations that focus on business ethics issues including TRACE, S&P's Corporate Sustainability Assessment, EcoVadis and the Israeli Maala Social Sustainability Rankings.

Ethisphere named ESA as one of the World's **Most Ethical Companies for 2024**, the sixth time in a row.

Looking Forward

E-learning tutorials on different aspect of the Code of Conduct will be presented to employees.

Business Compliance

Diligence in Preventing Bribery and Corruption

We have in place a robust program that reinforces our unwavering commitment to zero tolerance for corruption, ensuring that integrity is at the forefront of our business practices. This program includes among other aspects, comprehensive risk assessments, due diligence, training, contractual provisions that explicitly underscore the importance of compliance, requiring parties to adhere to anti-corruption laws and our ethical business standards, continuous monitoring of partners and transactions. Our anti-bribery and corruption compliance activities are managed and supervised by the Chief Legal Officer and the Chief Anti-Bribery and Corruption Officer at our corporate headquarters, taking into account the constant changes in potential risks in our worldwide business activities. They encompass third-party intermediates, and our offset activities, as well as joint ventures and other business initiatives. Additionally, as part of our compliance program, we have a dedicated policy addressing gifts and entertainment, sponsorships and donations. Our policies also cover lobbying and political contributions. In 2023, we made no political contributions and we were not informed of any investigations, fines or other sanctions relating to anti-bribery and corruption issues.

Compliance in Marketing

In 2023, our marketing support suppliers formally confirmed that they uphold and conduct themselves in accordance with the Company's Anti-Bribery and Corruption policies, and received relevant training. Such training covers Elbit Systems relevant ethics and anti-bribery policies, as well as limitations on business entertainment, hospitality, gifts and travel expenses.

To enhance the ethical behavior of such marketing service providers, we perform a due diligence check prior to engagement, which is then repeated periodically every three years thereafter, in addition to obtaining annual contractual confirmations from the service providers that no material change has occurred in their circumstances. As part of the process, emphasis is placed on business conduct, compliance history, human rights practices, contact with political factions, and exceptional events that are contrary to the Company's values and standards. Changes in compliance circumstances or failure to comply with the agreement may result in termination or immediate suspension of the contract.

By embedding these procedures into our business routine, we establish clear expectations, while safeguarding our reputation and stakeholder trust.

On an ongoing basis, we ascertain which territories and business activities are potentially exposed to more than a low risk of bribery, and we conduct individual training on anti-bribery and corruption issues with employees in positions that are considered "high risk", such as business unit managers and marketing managers. Professional forums and courses for various professional functions (for example, finance, marketing and sales, human resources, legal, supply chain, etc.) periodically include focused training on ethics and anti-bribery issues.

We also conduct periodic ethics and anti-bribery compliance training at our subsidiaries worldwide, including Compliance Days conducted at our subsidiaries in the U.K. and Germany. Elbit Systems of America (ESA), conducts a range of annual and periodic ethics training activities for ESA and the U.S. subsidiaries.

Our third-party intermediaries engaged in marketing and business development support receive anti-bribery and compliance training as part of their retention process, and periodical refreshers every three years.

THE SWORDS OF IRON WAR

The Swords of Iron War

This sustainability report was written during the Swords of Iron War, which broke out on the morning of October 7th 2023 following a series of unimaginably harrowing events. Since that day, we - together with the entire country - have been required to deal with one of the biggest national crises we have ever known.

With the outbreak of the war, we immediately switched to heightened alert mode. Within this framework, we increased emergency drills, refreshed relevant internal procedures, accelerated the purchase of necessary emergency equipment, and more. Our initial concern was to give our employees personal security and support, with an emphasis on employees who were themselves or whose family members were directly affected by the events of October 7th, as well as employees who were forced to evacuate their homes. Beyond that, we acted quickly to assist our customers, suppliers and the community, while uncompromisingly maintaining business continuity.

A Comprehensive Support Program for our Employees and Managers

In a complex and chaotic period of ongoing uncertainty, we have taken various actions designed to provide a unique and tailored response, as well as anchors of resilience, to our employees, managers, teams and human resources, helping them both within the organization and beyond. Already in the first weeks of the war, we established a center for psychological support for employees and their families, and evacuated dozens of employees living on the conflict lines for a few days of respite in hotels.

We also offered dozens of webinars - online lectures - for a wide audience of employees, on how to deal with trauma and grow from a crisis, while focusing on establishing the team as a support resource and central axis for organizational resilience. In addition, we held dozens of intimate, face-to-face discussion circles for managers on topics around personal and organizational resilience, support, and leadership in times of war. Emphasis was also placed on particular populations of workers, such as parents and spouses of army recruits, and specific content was adapted for them.

Other initiatives dedicated to supporting our managers include a digital newsletter and the conversion of our manager website into a source of content about how to manage in a crisis and in a complex reality. A variety of content and practical tools relating to crisis management and the leadership role have been added to the site, including workshops for dealing with burnout, stress management, team skills, transitioning from the outbreak of an emergency to establishing emergency routines, feedback and assessment during wartime, and more. This training and the accompanying toolboxes were also made available to our managers on the Company portal.

Connectivity and Organizational Communication

During the war, we have managed a number of communication formats across a variety of channels - including emails, mobile phone messages, digital screens throughout our sites, a dedicated group on the Company portal and the external website, and more - with the aim of:

Dispelling uncertainty

Through real-time situation updates, messages from the president to the Company's employees, and addressing of critical issues concerning the war, policies and employee rights.

Strengthening resilience

Distributing a weekly newsletter to employees, including tools for coping with stress and uncertainty, in addition to unique respite activities for employees and their family members.

Increasing solidarity

Channeling support from our subsidiaries, and making relevant messages and information accessible in order to create a connection between our global teams.

Finding meaning and raising morale

Publishing employee stories, including about their experiences during this period, from all angles, with an emphasis on combining optimistic messages and good news.

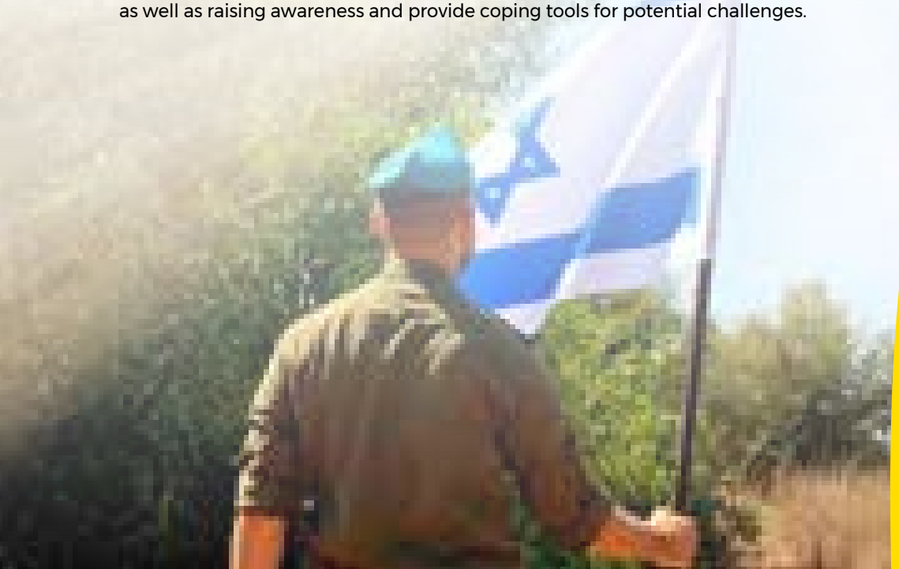
For Men and Women Serving in the Reserves

With the outbreak of war, thousands of our employees were drafted into the reserve forces extra active service. To keep them connected and to make some of our internal communication content accessible to them, we set up the Elbit together website for them, which was also accessible outside of the Elbit network. In addition, we purchased and distributed thousands of items of clothing, hygiene products and field equipment that was used by them in their extended reserve service. For employees whose children or spouses were drafted into extended reserve service, we sent to their homes gift boxes made up of products from suppliers from the Gaza Envelope and the north of the country.

Reboarding

With the return of employees from extended reserve service, we began an extensive process of reabsorption and reconnection. In this framework, relevant managers received support and practical tools for optimal absorption of their returning employees. Hundreds of managers participated in workshops and discussion groups about reboarding, with an emphasis on connecting at the emotional, team, organizational and professional levels.

Every reservist who returned to us received a "Welcome" kit and warm greetings on the digital screens throughout our sites. In addition, in order to make it easier for them to get back into routine and in recognition of their work, they were invited to participate in a day of respite that included a variety of workshops and body and mind treatments, activities to process and air their combat experiences, as well as raising awareness and provide coping tools for potential challenges.



Business Continuity

Since the beginning of the war, we have taken immediate steps to ensure the robustness of our supply chain, and to maintain functional continuity for our customers in Israel and abroad. Alongside this, we have dedicated ourselves to meeting the changing requirements of the defense system, responding to needs arising from the field, accelerating developments and projects, and supporting our security forces at all hours of the day and night.

A large recruitment process was launched as we needed to significantly expand and strengthen our production lines. In a focused and accelerated recruitment and training process, hundreds of production workers, among them employees aged 60 and over, were recruited, as well as workers from the ultra-Orthodox and Druze populations. All this was achieved while quickly making the necessary adjustments to meet the unique needs of these employees.

In the supply chain, we have increased our purchasing from suppliers on the confrontation lines in the south and the north, while also shortening payment periods for suppliers where possible.

Volunteering and Contributing to the Community

Already on October 8th, equipment collection facilities were set up throughout our sites, and our employees volunteered to sort, transport and distribute thousands of items to families affected by the outbreak of the war and evacuees from the north and south. In addition, thousands of portions of food from our dining rooms were donated to hospitals and IDF soldiers.

Since the war began, Israel's farmers have faced an unprecedented crisis and an acute shortage of manpower. So, hundreds of our employees were mobilized to help them in picking and packing agricultural produce. In addition, we established markets at some of the Company's sites where we hosted farmers from the Gaza Envelope and the north, and launched a website where employees could purchase goods from suppliers located in these affected regions.

Furthermore, our employees contributed thousands of hours to the community, volunteering at recreational activities for evacuee children at hotels and kids' clubs, talking with the elderly and Holocaust survivors to give them strength and alleviate their loneliness, distributing food baskets to the needy, visiting wounded soldiers, and more.

In addition to these volunteering activities, we raised funds to aid in the rehabilitation of the village of Zikim, and the renovation of the war room at the Nahal Oz outpost that was damaged on October 7th. We also financially supported the headquarters of the families of the hostages, and displayed the names and photos of the hostages on the Company's sites, in collaboration with Be'eri Printers.

Our computer reconditioning project was also expanded, with hundreds of unused Elbit computers quickly reconditioned with the help of Elbit retirees who joined the project. Dozens of computers were donated to set up a computer lab for evacuees in a hotel, as well as for children and teenagers from communities in the Gaza Envelope.

SOLUTIONS THAT PROTECT AND ENHANCE LIVES

Solutions That Protect and Enhance Lives

Today's world is filled with ever-changing threats to our communities and to those who devote their own lives to keeping us safe. Many of the technologies developed at Elbit Systems began in response to the need to improve the effectiveness and safety of women and men serving in the defense and security forces of various nations. Part of our innovation strategy is to make the necessary adjustments to our technologies to extend their use to the protection and improvement of the lives of civilians as well.

Innovation is a core building block of our business, with approximately 8 percent of our revenues reinvested in research and developing new solutions for our customers each year.

iLeaders Community

We aim to cultivate a working environment that nurtures innovative thinking. Through our iLeaders project, which was specifically designed for a select group of employees, we are cultivating a community dedicated to overcoming professional challenges through innovative thinking and solutions. This initiative serves as a testament to the Company's dedication to empowering its people with the necessary tools and resources to excel in innovation.

Developed under the academic umbrella of Tel Aviv University, the iLeaders program was crafted to provide participants with knowledge, tools and techniques, helping them to cultivate an innovation-centric mindset. In 2023, 30 new iLeaders completed the training and became part of our community of 110 iLeaders. This community forms a strong network offering mutual support, sharing their expertise and helping to embed innovation across all of Elbit's departments and divisions.

iLeaders are involved in both internal and external innovations: internally, iLeader members support hackathons, take part in lectures, podcasts, events and more; externally, they participate in different initiatives and groups across the industry's ecosystem.

Accelerating Open Innovation

Incubit Ventures is an initiative we founded a decade ago, as our subsidiary. It operates as part of the Israeli Innovation Authority (IIA) incubator program.

Over the last decade, we invested in 20 start-ups, several of which have social and/ or environmental value in addition to their business value and groundbreaking technological capabilities.

Here are just a few examples of Incubit's start-ups and their ESG impact:

GreenVibe

GreenVibe provides sensing and analytics for on-site, real-time concrete performance and strength measurement. Replacing the current archaic methods, this development saves contractors significant time and money, by reducing over-design and over-investment in materials, and protects the environment from concrete-related waste.

CENS

CENS Nano Carbon Boosters can be seamlessly integrated into battery production lines to dramatically transform lithium-ion batteries into fast-charge, higher-energy power devices.

Super Polymer

Transforming standard polyethylene into a new super polymer that is 90% crystalline with thermal repellant and hydrophobic properties, Super Polymer replaces titanium dioxide in paints and coatings for improved functionality, as well as improving thermal insulation in electronics.

Flo Optics

Used in the manufacture of eyewear at prescription labs, this pixelated digital printing platform enables full vertical integration of lens surface treatments and coatings. As well as enhancing eyewear lenses and optical coating, it delivers significant cost savings and reduced pollution.

Synergy7

In 2023, the Elbit innovation team transformed its investment model by partnering with various entities, including accelerators, incubators, investment funds, and innovation centers. One of these collaborations is Synergy7.

Together with Dell Technologies, Ben-Gurion University, Soroka Medical Center, and the Merage Foundation, we established the Synergy7 Center in Beer Sheva, Southern Israel, to leverage our collective expertise and resources. In doing so, we are advancing research and development in cybersecurity, robotics, and healthcare.

The center's R&D labs create a dynamic environment where start-ups can innovate, excel, and thrive. Elbit primarily contributes to the Synergy7 robotics lab, focusing on early-stage deep-tech start-ups. We collaborate with international deep-tech companies, such as NVIDIA, and engage with academic researchers to foster growth and development in the southern region of Israel.

Innovation - One of our Leading Values

- To mark World Creativity and Innovation Day, we held an innovation week under the title: From Crisis to Opportunity, which dealt with entrepreneurship in complex times. During that week, employees participated in webinars with professionals from inside and outside of the Company, in workshops and online meetings that provided inspiration, direction and ideas for promoting innovation and entrepreneurship within the Company.
- Members of the iLeaders community constitute an executive branch to our divisions which includes:
  - Professional mentoring for intra-organizational entrepreneurship - developing the concept, defining the Minimum Viable Product (MVP) and Proof of Concept (POC), preparing for the pitch, connecting with content experts, and more.
  - Driving and leading innovation events - an acceleration process in the division, administration or group.
  - Implementing and using practical tools - creative thinking, Design Sprint, brainstorming and more.
  - Connecting external technologies - implementing the open innovation strategy.
- Inventors: Every year, we hold an event honoring the inventors who have registered patents in Elbit's name and led the Company to a significant business advantage. In 2023, 41 inventors received recognition for 20 inventions that were registered during the year. Over the years, there have been 737 inventors registering patents in the Company's name, 14 of them taking part in more than six joint patents.
- Demo Day: At this digital event, five start-up companies presented technological solutions relevant to Elbit, focused on the world of engineering, with the aim of bringing open innovation into the organization.

Our Innovative Products

Drones on the Battlefield

Autonomous technological capabilities put military forces in a position of leadership, with a significant advantage on the constantly-evolving, ever-changing 21st century battlefield. Elbit's C4I and Cyber Division develops drones with autonomous capabilities that can carry photography and data collection equipment, weapons, logistics equipment - including life-saving equipment such as blood transfusions - and more, depending on the type and weight of the drone. These are being used in Israel's "Smart and Deadly Border" project, cruising the skies above the border and locating unusual events, without the need for manned patrol vehicles.

The drones are an innovative solution that is relatively inexpensive and easy to manufacture, and offer many advantages, both on the battlefield and for a variety of civilian uses. Traditionally, forces maneuvering in the field also act as the observation force - at significant risk to themselves - but they are able to produce only a limited intelligence picture. The introduction of drones enables observation from above, even at low altitudes, and at sharp flight angles, with a very wide, three-dimensional field of view. In this way, a picture can be obtained of the total threat in a given block of terrain, enabling forces to be more precise, defend against threats, reduce harm to innocent bystanders, and reduce environmental harm, even in the most complex terrain.

In some cases, drones can be used instead of tanks and heavier aircraft that are powered by fuel. Driven by electricity, the drones are energy efficient, contributing to reduced greenhouse gas emissions and other pollutants. In addition, a single person can control several drones through a control center, reducing operating costs and improving efficiency.

SYNCH Mobile App – Life-Saving Communication

The SYNCH application was developed at Meep, a subsidiary of the C4I and Cyber Division of Elbit Systems that was established with the aim of adapting existing technology to the needs of the civil communications market.

SYNCH offers an efficient and focused solution for the management and control of civilian forces, with an emphasis on emergency, search and rescue teams, as well as various other organizations operating in the field.

Serving as a secure alternative to traditional radios, SYNCH brings military command and control capabilities to the civilian world, providing team managers in the field and at headquarters with a broad situational picture, and enabling them to monitor activities in an efficient and advanced way.

The app has helped tens of thousands of users around the world with a range of missions. It has also been used in civilian search and rescue efforts in disaster-stricken areas - including by United Hatzalah personnel, who used it in their efforts to save lives in the Meron crowd crush, and following the earthquake in Turkey in 2023 - and handles thousands of emergency calls in Israel every day.

Installation of the app on a cell phone is simple and user-friendly, and all communications transmitted through it are saved and recorded for investigations and to draw out learning points for future reference.

The app includes a walkie-talkie application, the option to transmit written and recorded messages and broadcast live video from the field, mapping services, navigation, task management, and more. Its HML interface system centralizes the work of all the parties involved and enables them to communicate with a rear control center, consult, and receive guidance and opinions from relevant professionals, in real time.

Furthermore, in cases where there is no cellular reception, as is often the case in disaster areas, Meep has the ability to produce on-the-spot cellular communication, so that the work of the teams and communication between them, is not affected.

Beyond its proven contribution to saving lives, the application delivers added environmental value as it eliminates the use of plastic radios, batteries, and dedicated radio frequencies, providing a complete solution, with no additional hardware required.

After the disaster of October 7th, there was a severe lack of walkie-talkies. So, we made the application available for free to hundreds of rapid response teams across the country, and it is currently used by tens of thousands of rapid response volunteers.

You can learn more about the application and its use on the Company's website at:
www.synchapp.io

The Elad Squadron - Saving Lives and Protecting the Environment

The Elad Aerial Firefighters Squadron, operated by Elbit, extinguishes fires from the air as an integral part of Israel's firefighting and rescue system. Arriving quickly to any location, the squadron's planes provide an extremely fast response, so they can gain control in the early stages of the fire. In many cases where ground forces cannot access the affected area, the squadron's planes are the only solution.

The squadron's quick and professional response helps save lives, stops the spread of fire, and reduces the environmental damage that may be caused to life and vegetation.

Established in the wake of the Carmel Forest fire disaster of 2010, the squadron is named after Elad Rivan, a 16-year-old fire watcher who tragically died having come, on his own initiative, to help the firefighting efforts. Ready for any mission, the squadron's team take inspiration from the unique spirit of volunteerism, commitment to the mission, and heroism that characterized Elad. They also take an active part in projects dedicated to his memory, and maintain a close long-standing relationship with his family.

As the global climate crisis increases the intensity and frequency of natural disasters, including forest fires, the squadron's personnel continue to develop innovative firefighting doctrines, working closely with ground forces to enable a quick response, locate areas where firefighting efforts should be concentrated, and reduce the uncertainty that characterizes forest fires.

Over the years, the Elad Squadron has participated in international aid efforts to extinguishing fires in several countries outside of Israel, including Greece, Cyprus and Croatia.

A Multidimensional Communication System for the Modern Battlefield

Advanced and reliable communication forms the basis of network-centric warfare that improves, optimizes and simplifies the functioning of forces on the modern battlefield.

The C⁴I and Cyber Division at Elbit Systems develops and manufactures the next generation of radio systems for tactical and strategic communication, which provide resilient, secure communication capabilities to forces on the battlefield, with improved spectral efficiency.

The radio systems connect any platform - whether manned or unmanned, mobile or stationary - to a secure, multidimensional network, and enable transmission of multiple audio channels, data, video and location information simultaneously, to all relevant officials.

The communication system facilitates work in challenging environmental conditions, and can deal with attempts to attack, eavesdrop or interfere with the network.

Thanks to these significant advantages, the system supports, and even optimizes, life-saving processes- such as evacuation of the wounded, continuous contact with rescue forces, locating forces lost in the field or forced to abort - while also reducing harm to innocent bystanders, and helping avoid friendly fire.

The system is gradually replacing previous-generation walkie-talkies and reduces the required radio spectrum. Some of its environmental advantages include: economical energy consumption, reduced number of devices needed, and suitability for long-term service with software upgrade capabilities. In addition, all devices are equipped with the highest quality lithium batteries, with long-lasting durability.

The Iron Sting - the Mortar Munition that Acts Like a Precision Missile

The Iron Sting guided mortar munition, represents a revolution in its ability to provide accurate fire for tactical forces. The mortar bomb, which is launched from a 120 mm mortar, has dual guidance capabilities - laser and GPS - enabling accurate hitting of quality targets. This is a vast improvement to what was available in the past, whereby ammunition was fired from the existing mortar array and hit at a range of 50 to 100 meters from the target. In contrast, the Iron Sting bomb hits targets with very high precision, substantially improving performance and enabling a quick and accurate closing of the sensor-to-shooter loop.

The use of the Iron Sting mortar substantially reduces the risk of injury to innocent bystanders and damage to the environment, and is particularly significant in the urban battlefield.

As an additional environmental value, the high-quality, accurate and fast impact of the Iron Sting reduces the number of other weapons required.

QUALITY AND CUSTOMER SATISFACTION

Quality and Customer Satisfaction

In order to achieve customer satisfaction, we strive to maintain the highest standards of product and service quality. We measure customer satisfaction for each activity throughout our global operations, collecting multiple data points relating to different aspects of the services we provide. At the same time, we continually survey our customers to hear directly from them about their experience with our services.

Aggregated internal data and customer feedback scores are used to generate an overall customer satisfaction score. In 2022[5], 80% of our key customers answered our survey, with results showing average customer satisfaction of approximately 87%.

Knowledge Sharing to Improve Quality and Service

In order to advance quality and service improvements across our global operations, we maintain several global knowledge-sharing forums covering topics in engineering, quality, operations and other areas. In these forums, solutions to new challenges are discussed and new common practices are developed.

In recent years, we launched and implemented new management tools and methodologies to enhance our program management capabilities, and new forecasts and KPI measurements to provide high-quality, on-time implementation of projects. As part of our ERP ecosystem, we are in the process of adapting and implementing a new Manufacturing Operations Management (MOM) system in our Centers of Excellence, with the aim of enhancing our production efficiency.

Elbit Systems' global operations are certified to the **AS 9100:2016** Quality Management System: Aviation, Space and Defense Organizations Standards.

[5] The next customer survey will take place in 2024. There was no survey conducted in 2023 due to the geopolitical situation. Ongoing assessments of customer satisfaction are being conducted at the discretion of marketing and quality managers across our various business units.

Quality Procedures for Cybersecurity

A critical issue for our customers is maintaining adequate cyber security protection against the multiple risks posed by modern day cyber threats. At Elbit Systems, we take a holistic approach to addressing potential sources of risk throughout our operations and supply chain. This approach includes development, implementation and improvement of policies, procedures, incident response playbooks, and employee training – both during onboarding and at regular intervals thereafter - so that they are aware of cyber alerts and report issues appropriately, without delay.

Furthermore we conduct information security awareness training, including among others "phishing testing" on a semi-annual basis by our cybersecurity team for employees, cybersecurity updates on a regular basis and enhanced training on a quarterly basis for specialized employees involved in our systems and processes that handle sensitive information, customer data and audits. We also run tabletop exercises led by our Chief Information Security Officer (CISO) for our Executive Vice President - Chief Operating Officer, Chief Security Officer and Chief Information Officer on an annual basis to simulate a response to a cybersecurity incident, and use the findings to improve our practices, procedures, and technologies.

We also conduct regular testing of our controls through penetration testing, vulnerability scanning, and attack simulation (including using independent third-party service providers).

Our CISO is the executive dedicated to managing this area, including being responsible for evaluating irregular or suspicious events reported by employees, either to the Security Operations Center (SOC) or directly to the CISO.

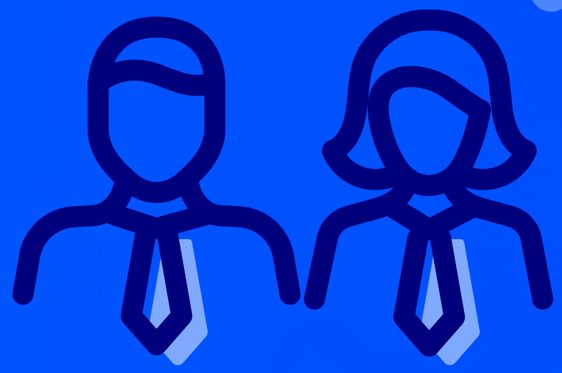
To improve the quality of our cyber protection, we have implemented new cyber security tools, updated relevant procedures, and we continue to take a proactive approach.

In 2023, we maintained three certifications for our global operations in the field of cybersecurity, and were certified to 2 additional new standards in the Cloud Security field:

- **ISO 27001** - Information security, cybersecurity and privacy protection — Information security management systems — Requirements.
- **ISO 27032** - Information technology — Security techniques – Guidelines for cybersecurity.
- **ISO 27035** - Information technology – Information security incident management.
- **ISO/IEC 27017:2015** - Information technology — Security techniques — Code of practice for information security controls based on ISO/IEC 27002 for cloud services.
- **ISO/IEC 27018:2019** - Information technology — Security techniques — Code of practice for protection of personally identifiable information (PII) in public clouds acting as PII processors.

Data privacy and security

We maintain multiple systems and policies to preserve the privacy and security of the data we hold regarding our customers, suppliers and employees, and our interactions with them. In the past two years, there were no major breaches of data security across our global operations.



EMPOWERING EMPLOYEES

Empowering Employees

A responsible workplace is one where employees feel empowered. With a foundation of ethical, respectful and inclusive conduct, we aim to nurture a working environment that empowers everyone to succeed. Our values-based workplace culture and focused human-resources strategy provide the tools and opportunities that our employees need to deliver innovative solutions and the outstanding service that our customers deserve.

Our Human-Resources Strategy

Leadership and proactivity

Professionalism, quality and excellence

Trust, partnership and dialogue

Effective and efficient organizational processes

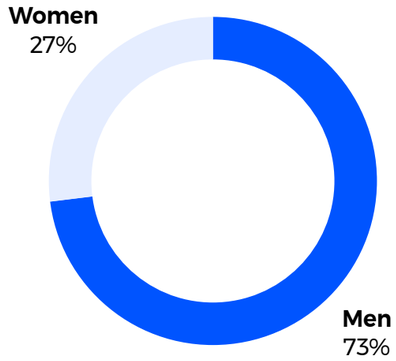
Our human-resources team uses the People Analytics system to support every step of the employee management process: recruiting and hiring, measuring employee performance, identifying current workforce skill gaps, identifying flight risks to improve retention, competitive intelligence, and organizational network analysis.

We are committed to following all labor laws, and we offer benefits beyond those required by law in each market. In 2023, 37% of our employees in Israel were covered by collective bargaining agreements.

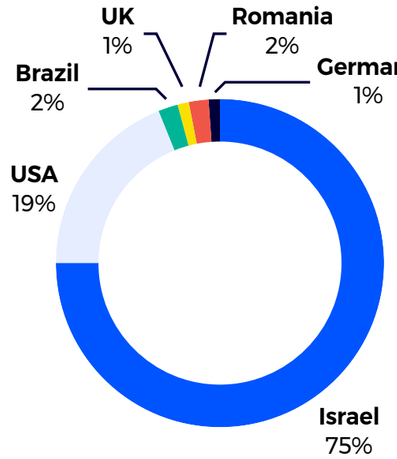
[6] Figures refer to the countries covered by this report

Our Global Workforce

Employees by gender



Employees by Region



Managing Workforce Continuity

Our recruitment activities - both to fill new positions as we grow the Company and to replace valued retirees - are critical to our ability to maintain workforce continuity.

In 2023, we hired 2,975 new team members across our global operations[6]. We aim to reach the broadest possible base of potential recruits to support our aspiration to create a diverse and dynamic workforce. To this end, we are constantly working to improve the marketing, sourcing and automation of our recruitment processes.

We recruit via several external channels, often in collaboration with leading academic institutions, for example by participating in employment fairs, and inviting students for informal chats with our teams of engineers. We have also been focusing on online recruitment, leveraging several social media channels and tools, such as LinkedIn parties, to attract digital-savvy, technology-competent recruits.

Training and Development

We continue to invest in the development of our employees, providing an array of professional and personal skills training across the organization. Employees are offered the opportunity to pursue a relevant selection of practical training to help them both succeed in their current roles and advance within the organization.

To develop the capabilities of our employees, we are constantly exploring training that is relevant to the core areas of the Company. Every year, we measure the satisfaction and effectiveness of our learning activities. We also develop a new training schedule that encompasses innovative training themes and topics, based on research across our markets and employee requests. Increasingly, we offer online learning methods, targeting different learning styles that appeal to younger team members. Similarly, we are expanding licenses for a variety of online learning catalogs and platforms to enable flexible learning, and nurture a culture of life-long learning at Elbit Systems.

In 2023, we invested, on average, 27 professional learning hours and US$172 in training per engineer. In Israel, we offered more than 662 different learning activities, and opened 127 new courses across our Company's divisions. In addition, we offered relevant employees the opportunity to register for "Power Skills" training. In 2023, there was a 30% increase in employee participation and interest in training.

Other organizational development initiatives include:

- **Manager Development:** In 2023, we continued to promote our management development program, which encompasses leadership training and foundation training for relevant managers, and designated professional training for specific roles. Following the October 7th attack, we adjusted much of the training to make it relevant to the role of a team leader during wartime.
- **Mentoring Programs:** In our leadership programs, direct managers act as mentors to their team members. This one-on-one interaction not only facilitates hands-on learning but also strengthens the bond between our managers and their teams. Additionally, we've established mentoring programs that pair seasoned senior managers with younger colleagues. This symbiotic relationship not only facilitates the imparting of valuable industry insights by our most experienced staff, but also cultivates a sense of community and shared purpose. Through these initiatives, we affirm our commitment to nurturing talent, promoting professional growth, and upholding our Company's values of excellence and sustainability.
- **WeBit portal:** In 2023, we launched a designated portal for managers in our organizational WeBit portal, offering best practice management tools, learning capsules, lectures and more.
- **ELbassadors Shaping Employer Branding:** We have introduced a unique initiative through which our employees assume the role of ambassador across various social networks and platforms, making a significant contribution to our branding endeavors. This innovative activity empowers our team members to become vocal advocates of our organization, sharing their genuine experiences and insights. By engaging with our audience on digital platforms, our ambassadors cultivate a transparent and relatable image of our workplace culture, values, and the opportunities we offer. This approach not only extends our reach, but also fosters a deeper connection with potential talent and stakeholders. Through this concerted effort, we demonstrate our commitment to a unified narrative that resonates both internally and externally, reinforcing our Company's reputation as a sought-after employer in the industry.
- **Performance Evaluations:** In 2023, we maintained our performance evaluation process, in which employees first perform a self-evaluation. This evaluation is added to the manager evaluation, and together, both form the basis of a structured dialogue that is conducted covering performance, training needs, and career paths. In 2023, 95% of employees participated in a formal performance evaluation based on business targets. In light of the ongoing war in Israel, we invited managers to attend a workshop about how to conduct a more sensitive evaluations in times of emergency and uncertainty.

Partnership and Connection Through Dialogue

We maintain various channels of dialogue and engagement with our employees and managers, through which we transparently share significant developments in the life of the Company.

Employees in Israel have access to an internal corporate portal, WeBit, which provides:

- A convenient and friendly platform for sharing of information, initiatives and ideas among employees.
- Transparent access to organizational and professional information, helping to create collaboration between the employees and between the various divisions.
- The ability for employees to report their hours and receive information regarding their vacation days and absences, entitlement to benefits, insurances, and more.

Beyond the intra-organizational portal, we communicate with our employees in other ways, including through digital screens that are installed throughout our sites, newsletters, short videos on various topics, and more. In 2023, we published 11 letters from our president and CEO on a range of subjects, and distributed them to all Company employees through our internal organizational communications systems.

Podcasts

Launched in 2021, our podcasts are an innovative communication channel that enables us to share our values, innovation and spirit with listeners, both within and beyond the organization. These provide an authentic, unique and unmediated look at the life of our organization.

There are six different podcast programs, each with several episodes, dealing with our technology and product innovation (for example, “Talking Technology” and “Initiating Innovation”). Alongside this, there are a number of podcasts that deal with the life and identity of the organization, and topics such as occupational diversity, the promotion of women in high-tech, corporate responsibility, and more (for example, “How Elbit Does…”). The podcasts host employees and managers who provide insights into a variety of topics relevant to company life, through their unique point of view and personal experiences.

Recognition of Outstanding Employees

Every year, the Company selects outstanding employees, based on manager and peer recommendations. In 2023, 41 outstanding workers from all over the world were selected. In recognition of their excellence, they went on a trip to France in June 2023, during which they attended the Eurosatory defense exhibition that is held annually in Paris, and met the president of the Company. We presented the story of the 41 employees and their exceptional work in our digital magazine, which was sent to all our divisions and subsidiaries, receiving 8,800 views.

Diversity

To enhance diversity, we maintain a safe and accessible work environment for our employees, free of harassment and discrimination, regardless of their gender, race, ethnicity, religion or sexual orientation.

Women in the Workforce

Traditionally, women have been underrepresented in our industry, and we have had challenges in attracting and promoting women over the years. In 2020, we established internal targets by division and a corporate goal to achieve a workforce in which 26% of our employees are women, by 2025. In 2023, female employees made up 24.5% of the workforce in Israel and 33% of the workforce at Elbit Systems of America (ESA). Specifically, we have made it our goal to increase the number of women in engineering, commercial and other management roles. These measures are periodically monitored and presented to the Company's executive management.

We undertook the following activities to help achieve this target:

Recruitment

- The language of our job advertisements applies to both male and female candidates.
- We have carefully examined recruitment requirements that may result in gender bias.

Improve working conditions

- We mapped roles across the Company to identify pay gaps between women and men in the same role and with the same seniority and took corrective action. In accordance with regulatory requirements, every year we publish an equal pay report, available on our website at 2023 Public Report under Equal Pay for Female and Male Employees Law – 1996.
- We implemented a work-life balance policy, including offering the option to work from home once a week to employees in relevant roles.
- Taking a top-down approach, we include diversity issues in our executive training to boost awareness about different types of diversity, and provide knowledge and strategies for enhancing interpersonal and communication skills across diverse groups, which helps build a positive work environment for all.

Roundtable meetings

On International Women's Day, we invited the Company's employees to participate in two roundtable meetings dealing with gender diversity. The purpose of the meetings was to discuss ways to leverage and expand existing initiatives that aim to provide equal opportunities and promote women in Elbit, and to talk about moves that will help promote girls and women in Israeli society in general. 25 female employees participated in the two meetings, and a number of focus areas were raised that will be included in the work plans of our various divisions for the coming years. In addition, a convention-breaking video was produced on the topic of integrating women and men in the labor market, and a range of materials with empowering messages from the Company's employees were distributed.

Gender Diversity Initiatives in our Aerospace Division

Our Aerospace Division chose gender diversity as one of its focus areas for 2023. Accordingly, a multidimensional program that operates over four axes was developed: raising awareness, recruitment of women, empowerment and career development, and community engagement with girls and women. While each axis of activity stands on its own, it is also influenced by the other axes. Together, the four axes generate broad and meaningful impact. Within each of these axes, the Division's Human Resources Department promotes projects aimed at increasing the percentage of female staff in general, and in engineering and management roles in particular.

Below are few examples of the different projects and initiatives:

- The establishment of the HERFORCE women's community, an initiative launched by female managers of the Division.
- Mentoring program for female leaders.
- Managerial workshops to raise awareness of gender biases.
- Workshops aimed at breaking career barriers.
- Women's panel as part of International Women's Day events.
- Recruitment project for simulator instructors.

For this multidimensional groundbreaking program, the Aerospace Division won an award at the Excellence in HR competition, 2024. **The competition is held by The Israeli Society for Human Resource Management.**

Community engagement

The Babushka Mentoring Program for Gender Diversity in Engineering

Established in 2018, Babushka is Elbit's flagship program in the community. Aimed at fostering gender diversity, this program represents a pioneering effort to empower young women to pursue engineering careers, and integrate them into the workforce.

Studies show that when young girls are at a critical point in their lives and are deciding whether to pursue a career in technology or something else, the absence of female role models is a significant factor contributing to their decision. As a result, gender disparities are seen in various sectors.

The Babushka program provides girls with the support of a positive role model who serves as a mentor, helping them to explore their interests, overcome barriers that stand in their way, and reach their full potential.

Three circles of support and inspiration form an intergenerational community of women sharing a common bond. Female engineers from Elbit Systems comprise the inner circle, mentoring and guiding aspiring female engineering students, exposing them to diverse perspectives and viewpoints, and nurturing their personal and professional growth. As well as sharing their knowledge and insights, these mentors open doors for the students in the world of engineering.

The second circle is made up of the female students themselves. As well as receiving mentorship from Elbit, they also offer mentorship to younger girls – the third circle – inspiring them to improve their academic performance, and work towards a tangible vision of their own successful professional future.

In 2023, a total of 170 engineers, students and girls aged 14-15, participated in the program. Championing the ethos of gender diversity and empowering women in engineering, the Babushka initiative encapsulates the values of Elbit Systems and its commitment to fostering a more inclusive and progressive industry.

Follow Her

Modified during the Swords of Iron War, the "Follow Her" project connects Elbit engineers with girls from the south or the north of the country who have been evacuated from their homes. At the crucial point where the girls have to choose between studying humanities or technology, they meet one-on-one with our engineers, who act as a positive model, providing a boost through advice, tools and tips, and resilience at a time when their lives have been shaken. In collaboration with YNET, the project gained exposure through social media and television channels. In 2023, a total of 60 girls met with 60 Elbit engineers at several of our sites throughout the country.

Girls' Week

In our ongoing efforts to promote youth and gender diversity, we partnered several years ago with non-profit Shavot in its "Israeli Girls' Week" initiative, which aims to inspire and empower the next generation and show them that anything is possible.

Through this project, over 100 women employees from various fields across our sites have visited over 100 classrooms - with a special focus on underserved areas and Israel's periphery - engaging with young girls and boys, and sharing with them their journeys, challenges, and successes.

On the three major holidays of Passover, Easter and Ramadan, a video was distributed to all employees with Happy Holidays greetings from our CEOs in various countries, with each CEO greeting the employees in his own language.

Employees with Disabilities

The Company's commitment to creating a diverse and inclusive workplace for all employees extends to those with disabilities. As of 2023, in Israel we have 395 employees with disabilities, representing 3% of our total workforce. In 2023, we hired 54 workers with disabilities, representing 3.4% of our total new hires.

Upon hiring, new employees are invited to voluntarily complete an accessibility statement. This helps us to track the number of employees with disabilities and ensure that we take the necessary measures to accommodate their needs. In ESA, 2.6% of the workforce are people with disabilities, and 2.5% of new recruits in 2023 declared themselves to be people with disabilities.

Accessibility for People with Disabilities

Maintaining and promoting accessibility for people with disabilities is both our legal and moral obligation. We continuously implement accessibility processes, including making physical spaces accessible and enhancing the accessibility of technological platforms, such as our employee portal and external website. We conduct annual accessibility surveys and actively work to address any identified deficiencies. Additionally, we have implemented a Write Hear system for individuals with visual or auditory impairments. In 2024, a new, comprehensive Accessibility Procedure will be published internally.

As required by law, in 2023, we held an accessibility conference in collaboration with the Israeli Accessibility Association. This conference, aimed at safety professionals, accessibility coordinators, and infrastructure teams, was designed to refresh participants on relevant regulations and provide insights into the lives and challenges faced by individuals with physical, cognitive, and mental disabilities.

On Pride Day, an online lecture was held on the topic of creating discourse and inclusion of LGBTQ+ people in society, in particular in religious society. 270 Company employees participated.

Diversity in our U.S. Operations

To increase gender and other diversity among our employees, we partnered with organizations such as INROADS the Society of Women Engineers (SWE), and we sponsor the Women in Defense (WID) Conference each year. Staff from ESA attend the annual SWE and WID conferences and careers fairs, to introduce women to the career opportunities we offer, and highlight our culture of diversity, equity, and inclusion (DEI) .

Additionally, we established two Employee Community Groups (ECGs) - Black Professionals and Women of the Workplace - aiming to raise awareness of relevant issues that can affect employees and provide a venue for professional development and networking.

Every November, we celebrate Native American Heritage month and honor the traditions, language, stories and great contribution to our nation of native communities.

Fostering Inclusion: The Evolution of the IDEA Lab for Workplace Diversity and Equity

In 2019, the Inclusion, Diversity, Equity and Awareness (IDEA) Lab was created in ESA, with the aim of connecting employees who are passionate about addressing diversity and inclusion in the workplace.

Volunteers on this cross-functional committee focused on four work streams: communication and culture; leadership; total rewards (employee benefits); and exercising (wellness). Each work stream is empowered to perform actions, introduce new benefits and propose changes within the Company to promote inclusion and diversity.

IDEA Lab has launched successful campaigns to educate employees about specific affinity months, such as Black History Month, Pride Month and Asian American and Pacific Islander (AAPI) Heritage Month. IDEA Lab hosts events to celebrate holidays throughout the year, including Juneteenth, Chinese New Year and Hanukkah. IDEA Lab created Diversity Discussions, a forum for employees to regularly discuss inclusion and diversity. The popularity of the Discussion groups led to creation of the Employee Resource Groups (ERGs) Black Professionals, PRIDE and Women of the Workplace (WOW).

Health and Safety

Protecting and enhancing lives applies both to the products we supply to our customers and to our employees. Protecting our employees through consistent attention to safety and occupational health is fundamental to the way we work.

We are committed to meeting precautionary procedures, minimizing risks, preventing hazards, and providing a safe environment for all our employees and any other person working at each facility or operation under our responsibility.

We maintain leading standards of health and safety at work, including compliance with applicable laws, regulations and best practices.

Our global EHS management system covers 99.7% of Elbit Systems' global business operations, which includes sites where we have full operational control, as well as our activities at the sites of major customers.

We hold ISO 45001:2018 Occupational Health and Safety Management System Standard certification at our main sites, which cover 78% of our employees. All our sites have emergency preparedness systems in place.

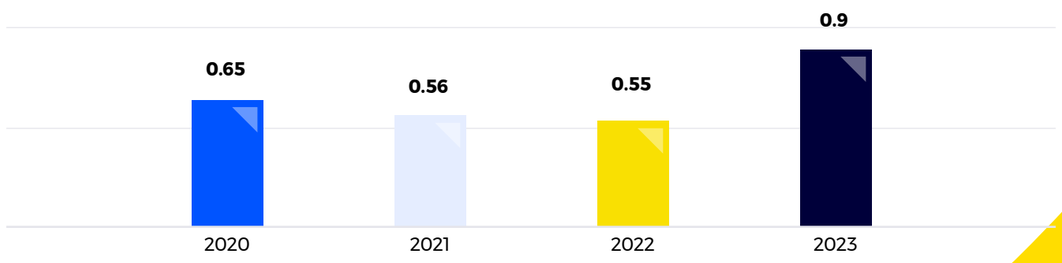
Mandatory health examinations are conducted routinely for employees that work under conditions that may pose potential health issues.

New employees are trained in safety procedures as part of their orientation, and we reinforce safety communication and training by holding regular safety meetings and training sessions - typically approximately four hours per employee, per year - making safety information easily accessible to employees, encouraging employees to report unsafe conditions, and conducting regular safety audits.

We closely monitor all accidents and safety-related incidents in our operations, for both contractors and employees. In 2023, we had one fatal accident. Other than that, most of our workplace injuries have been minor.

Following the October 7th attack, we established a war room which helps carry out emergency drills, makes and publishes immediate decisions, and more. Moreover, we have increased our purchases of emergency equipment, and carry out ongoing emergency preparedness checks at all our sites.

Injury Frequency Rate (Lost Time Injuries per 200K Working Hours)



Well-being

Our well-being policy is focusing on strengthening the engagement of employees and their families with Elbit.

We maintain work flexibility by implementing a work-from-home policy, allowing employees who can carry out their duties from home to do so once a week, with flexible hours. We also increased location flexibility when possible, so that employees can work from the Elbit site closest to their home, reducing the need for commuting.

Additionally, we have expanded employee eligibility for a benefit that allows reduced work hours with no loss of pay for employees in Israel who are parents of children up to the age of one year, working in full-time or certain part-time roles, significantly exceeding the legal requirement in Israel.

We offer a range of employee welfare benefits, including discounts on vacations, comprehensive discounted medical insurance, credit cards with special benefits, tickets to movies and plays, leisure and sports activities, and gifts and celebrations for employees to mark life cycle events, such as when their children enter first grade, enlist, get married etc.

The Right Tribes program, which started at ESA in 2018, encourages employees to form groups (tribes) to support social, emotional, financial and physical well-being. Examples of Right Tribes established to date include soccer and pickleball teams, running and biking clubs, book clubs and public speaking groups. We believe these social networks positively affect employee engagement, happiness and purpose.

We hold **ISO 45001:2018** Occupational Health and Safety Management System Standard certification at our main sites, which cover 78% of our employees.

Employee Engagement Survey

At Elbit Systems, we conduct a global employee engagement survey every two years, to hear the candid views of our employees about matters that are important to them. In the survey, each employee rates their satisfaction in several categories, on a scale from 1 to 6. In the analysis of this survey, we consider parameters such as age group, gender and management level of the respondents.

74% of our employees participated in the survey we conducted in Israel in 2023. The results demonstrated improvement across all parameters compared to the previous survey. Reported strengths included: willingness to stay at Elbit for the next two-three years (5.04); a feeling of pride associated with being a part of Elbit (5.00); and willingness to recommend others to work for Elbit (4.81). In addition, high assessments were reported for leadership, partnership and belonging, and development and learning, which were all rated around 4.9. On the other hand, the survey indicated that we should improve on organizational excellence (rated 4.35) and business processes (rated 4.49).

In response to these findings, we have taken several actions, such as continuing to promote innovation processes, and improving professional development programs, such as digital and personalized learning, leadership programs and individual development plans.

Elbit's Holistic Employee Retirement Program

Elbit offers a comprehensive retirement planning program for its employees, designed to ensure that they have a comfortable and fulfilling retirement.

The program includes a two-day workshop for retirees and their partners, giving them the opportunity to learn about the different aspects of retirement and to start planning for their future. In 2023, 187 employees attended our retirement workshops.

Topics covered by the workshop include:

- How to create a personal retirement plan
- The different types of pension plans available
- How to optimize legal rights and benefits before retirement
- Wills and inheritance
- Health, nutrition, and physical fitness
- Volunteering opportunities

In addition, we offer personal advice and a Retirement Kit that provides employees and their families with the resources they need to make informed decisions about their retirement.

Elbit also keeps in touch with employees after they retire, to ensure that they are getting the support they need. They can continue to access the same welfare benefits as all employees, and they can also participate in our volunteer activities, entrepreneurship programs, and more.

Looking Forward

In 2024, we intend to put together a business continuity plan which will regulate different areas of our business, such as HR procedures, supply chain and more, in times of emergency.

In 2023, **187 employees** attended our retirement workshops.

SUPPORTING COMMUNITIES & ADVANCING TECHNOLOGY EDUCATION

Supporting Communities and Advancing Technology Education

We aim to support the communities around the world in which we live and work. Many of our local operations maintain programs for the benefit of our local communities, and we encourage our employees to volunteer and assist nonprofits in advancing a range of worthy causes.

One aspect of our global focus, which aligns with our core business, is developing and securing technology skills that prepare young people for a productive and rewarding career in our industry. With leading technology experts throughout our global business, and the passion to support the development of young people, we take an active part in helping create the future leaders of our industry. We also focus our efforts on supporting other social needs that arise in local communities, especially in light of the October 7th attack (see the chapter on Swords of Iron).

In 2023, our global community investment - including technology education projects, charitable donations, in-kind donations of equipment and services, and the value of employee volunteering time - amounted to approximately US$3.5 million.

Volunteering

The values of volunteering and giving back to the community are inherent in Elbit's DNA. We encourage employees at all levels of the Company to volunteer and leverage their knowledge and skills to benefit wider society. In 2023, over 4,000 Elbit employees engaged in volunteering activities around the world, contributing 23,000 hours of their time.

Israel

A network of approximately 30 employees from across our business units have undertaken the mission of leading social activities at their sites. These social leaders initiate volunteering activities, recruit volunteers, and increase levels of social engagement among both employees and management. At least once a year, we hold a social leaders' conference, where leaders can share ideas, strengthen their network, and acquire knowledge and tools. Our aim is to provide each site with the opportunity to participate in at least one technology education activity a year.

In preparation for the Jewish New Year, 670 volunteers participated in one of Elbit's flagship projects, distributing 3,000 food baskets to families in need, at 25 distribution points throughout the country. In addition, our employees volunteered with various populations, helping at-risk youth, the elderly, Holocaust survivors, people with special needs, and more. Following October 7th attack, our volunteering activity shifted and was directed to addressing the most urgent needs arising as a result of the war (see the chapter on Swords of Iron).

On Memorial Day and IDF and Hostile Actions Disabled Tribute Day, a variety of activities took place, such as Remembrance Recipes - preparing dishes in memory of the fallen in the dining rooms at our different sites; hosting wounded IDF soldiers for lectures; visiting the wounded, and more.

Equipment donations

In 2023, we donated over 1,155 computers to families in need and community centers serving children and youth, particularly in Israel's periphery. Of these, 289 computers were donated after October 7th attack to individuals and children who were forced to evacuate their homes. Additionally, our employees collected clothing, unused medication, school bags, toys, costumes, and more, and assisted in delivering these items to communities in need.

The U.S.

Our employees work particularly closely with the Leukemia & Lymphoma Society (LLS), a nationwide nonprofit dedicated to curing leukemia, lymphoma, myeloma, and other blood cancers. Our workforce participates in multiple events and fundraisers throughout the year, culminating with the annual Light The Night campaign. Light The Night boosts community awareness of blood cancers, honors those impacted by cancer, and raises funds for life-saving research. The event includes large community walks in locations across the nation, and employees participate in their local areas. In 2023, through employee and corporate donations, Elbit America raised $250,000 to support Light The Night, making Elbit America an LLS National Partner.

Another effort by our US-based employees involved collecting products and financial donations to help people affected by the massive storms that swept through central Alabama and other areas in December 2023.

Romania

We donate money and volunteer in the local community, including with children in need and the elderly. We also make donations to a Romanian college that provides education in electronics and technology.

Brazil

In 2023, our employees volunteered to collect school supplies for students in need, donating 211 items to public school students, along with chocolate bars for Easter. Before winter, we organized the collection and distribution of clothing for families in need. Following the floods that affected the country in September 2023, employees gathered clothing, hygiene products, toys, and more, and helped deliver these items to impacted communities.

Community Support and Implementation of Advanced Technologies

Israel

In 2023, we maintained several initiatives to integrate innovative technology to enhance community life, and our employees volunteered in a range of related projects across Israel.

1. Aharai Tech

Elbit Systems is dedicated to empowering youth from Israel's social and geographical periphery. As part of this commitment, the company joined the Aharai Tech initiative - a collaboration between the 8200 Alumni Association and the Aharai Association - whose mission is to nurture youth leadership and prepare them for meaningful military service. By equipping teens with technological skills, they are fostering the next generation of Israel's engineers.

Our volunteers are assigned to Aharai Tech's groups for several months, providing technological mentorship and guidance. Throughout this extended period, our employees are actively engaged in knowledge transfer, skills development, and relationship-building, ensuring a lasting impact. The project culminates in a hackathon, where Elbit employees and students collaborate on developing innovative technological solutions for social issues.

2. Makers for Heroes

Elbit Systems recognizes the need to help soldiers get back on their feet after they have suffered physical and/or mental trauma during their mandatory service or reserve duty. To this end, the Company collaborates with Restart, a nonprofit organization, to support injured IDF soldiers in their life journey. Having joined Restart's six-month-long Makers for Heroes project six years ago, our teams have worked to develop and provide creative and unique custom-made solutions to improve the lives of wounded veterans. Each cycle of the project culminates in a three-day Make-a-Thon, during which the technological solutions are produced, assembled and finalized.

In 2023, two of our engineers' developments won the final contest in different categories: one was an outdoor scooter that helps a wounded soldier continue to explore nature, just as she loved to do before she was injured; the other was an artificial knee produced with a 3D printer that enables a wounded soldier to stand on his own feet after many years of being unable to do so. Given the ongoing war in Israel and the large number soldiers that have been wounded, we plan to expand our collaboration with Restart and Makers for Heroes in the coming years.

3. TECH CARE

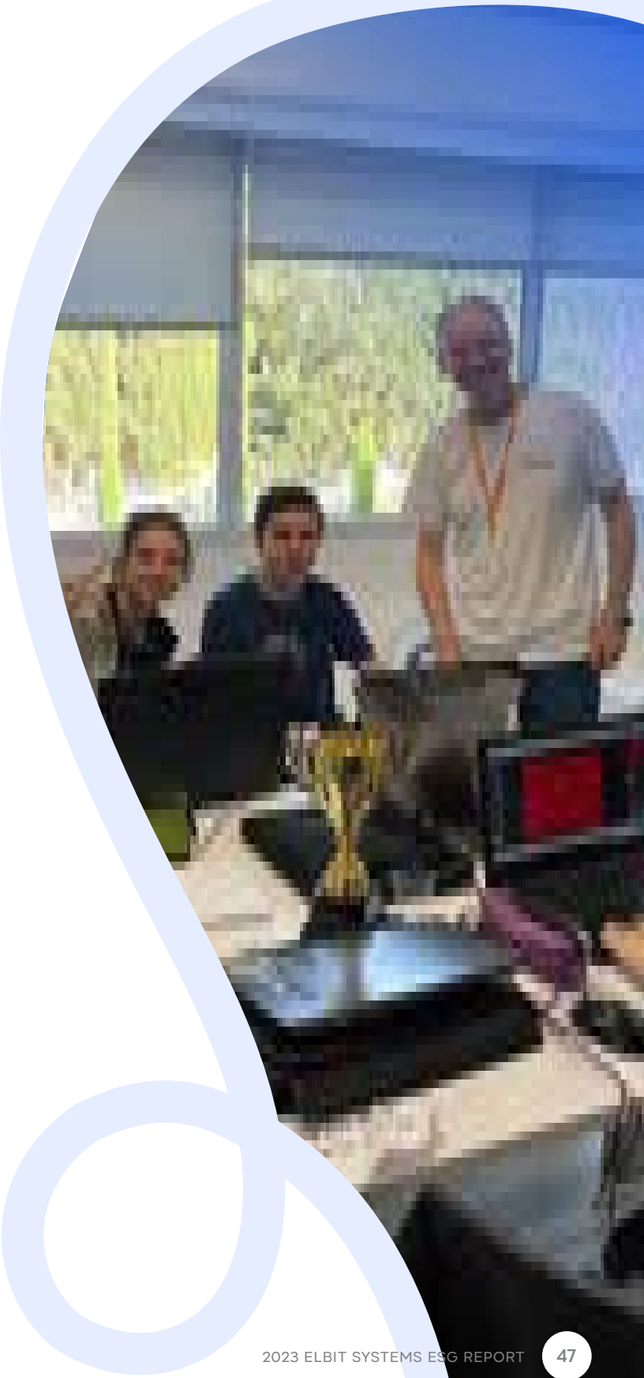
With increased digital presence on social networks, which has intensified in recent years and during the COVID-19 pandemic in particular, children and teenagers face higher exposure to online risks. To address this, in 2022 Elbit Systems organized a Tech Care hackathon, in partnership with the Child Online Protection Bureau, aiming to prevent online bullying and abuse against children and teenagers.

Around 200 employees expressed interest in participating in the event, and from the 80 ideas submitted, 100 employees were selected and divided into 15 diverse thinking teams. These teams engaged in brainstorming sessions with Elbit's innovation unit and mentors from both Elbit and the Child Online Protection Bureau. The hackathon, attended by esteemed guests including the wife of the State of Israel's president, Elbit's president, and senior officials from the Child Online Protection Bureau, spanned 36 hours of intense teamwork.

At the end of the event, three ideas were selected for further development:

- Software for intelligent monitoring that locates fake profiles on the internet.
- Software designed to prevent boycotts, shaming, bullying, and verbal aggression by rapidly identifying and removing unsuitable content, especially content that is harmful or inappropriate for children.
- An AI-powered assistance and consultation tool based on a Decision Support System (DSS) that supports the decision-making processes of children and teenagers regarding their social media activities.

During 2023, the chosen initiatives were developed further, and an implementation process has begun within the Child Online Protection Bureau system.



The U.S.

We donated a demonstration air scrubber system to the Roanoke Valley Governor's School for Science and Technology (RVGS) in Virginia, for use by secondary students showing advanced STEM abilities. Along with the donation, our Environmental, Health and Safety (EHS) team ran a tutorial on the equipment for RVGS teachers, to maximize its use.

Designed by EHS engineers for educational purposes, the demonstration air scrubber functions like the equipment used by employees to remove chemical vapors from their air exhaust systems. This donation is a good fit for the school, whose science labs are fitted with state-of-the-art equipment for educating students in biotechnology, environmental science, chemistry research, nanotechnology, and engineering fabrication. The donation will generate more hands-on instruction in the school's strong STEM programs.

Political Donations

Elbit Systems does not provide any political contributions, either directly to political parties or through organizations involved in politics.

Looking Forward

We plan to expand our efforts to support wounded soldiers by continuing to seek technological and engineering solutions to enhance their lives, in collaboration with "Makers for Heroes". In addition, we intend to host careers exposure fairs and offer them career opportunities at Elbit.

RESPONSIBLE SUPPLY CHAIN

Responsible Supply Chain

To deliver exceptional quality and service to our customers, we require an efficient supply chain that operates responsibly and sustainably. Our policy is to source materials and components from suppliers who uphold ethical practices and adhere to environmental standards, quality assurance, social welfare, and labor laws, regulations, and best practices.

Elbit's global expenditure is approximately US$3.5 billion annually, of which 60%-75% sourced from Israeli suppliers. We collaborate with over 6,900 direct suppliers worldwide, to procure a diverse array of material components, including mechanics, electronics, optics, cabling, and more. Additionally, we engage subcontractors for various services, such as cleaning, catering, and security, as well as consultants, software developers, QA, IT, operations, production and manufacturing and technical support staff.

Our businesses also rely on multi-layered global supply chains, which are essential for mitigating risks, increasing flexibility, and optimizing costs.

Two senior managers oversee sustainable practices in our supply chain: our Executive Vice President of Operations, and our Vice President of Global Supply Chain and Chief Procurement Officer. Our buyers and procurement directors are responsible for the daily implementation of our policies regarding these practices.

Supplier Code of Conduct

Our purchasing terms and conditions include a Supplier Code of Conduct (the Supplier Code), which was updated and approved by the Company's management. The Supplier Code is published on our website, making suppliers aware that we expect them to conduct their business activities in a fair and ethical manner, and to comply with all applicable laws and regulations.

The Supplier Code addresses issues such as fundamental human rights, child labor, fair labor practices, combating human trafficking, ethics and anti-corruption practices, avoidance of conflicts of interest and anti-competitive behavior, non-use of conflict minerals, information security, preventing use of counterfeit parts, and environmental, health and safety compliance. It also establishes a whistleblower mechanism for current and potential supply chain members to report any concerns.

When entering into a contract with Elbit, subcontractors undertake to comply with ethical requirements including confirming that they provide their employees their legal employments rights including minimum wage, and ensuring that there is no violation of labor laws within their workforce. In addition, we address any complaints related to subcontractor employees, with the aim of improving the enforcement of labor laws. There were no such complaints in 2023

We perform an environmental assessment in an attempt to identify direct and indirect critical suppliers that could have actual and potential negative environmental impacts. This assessment includes a quarterly review of the business, vendor risk rating, root cause analysis of main risks, and a supplier audit. In all cases in which actual or potential environmental impacts are confirmed, we agree on management action plans with the suppliers as well as providing safe workplace.

Diversity in the Supply Chain

We encourage our procurement teams to increase business with locally owned businesses, particularly small and medium-sized enterprises and companies in peripheral areas, when it clearly aligns with our commercial, quality, and on-time delivery interests. We also promote spending with companies that employ people with disabilities, support minorities, and prioritize environmental purchases. Here are the figures to support these activities:

	2022		2023	
*Based on Billing Spend	**Number of Suppliers**	**Spend ($K)**	**Number of Suppliers**	**Spend ($K)**
Spending with locally-owned businesses ("Blue & White")	3,895	1,452,045	4,827	1,842,401
Spending with local small and medium-sized businesses	457	24,892	527	31,324
Spending to support the employment of people with disabilities	5	563	7	699
Spending to support the employment of minorities	7	13,139	9	19,311
Spending with companies in the periphery (Northern and Southern Israel)	317	83,188	349	124,572
Sustainability spending/ environmental purchasing	3	298	5	912

As part of our commitment to supporting minority employment, in 2023 180 ultra-Orthodox women provided software development services to our core projects, through an external subcontractor. Additionally, we collaborate with a local placement organizations that partners with the Druze community in Northern Israel to employ Druze workers. Every year, approximately 10% to 20% of these subcontractors become Elbit employees.

Detecting and Preventing Use of Counterfeit Parts

To prevent the use of counterfeit parts in our design and manufacturing activities, our policy is to purchase components and equipment parts only from authorized dealers and manufacturers. All incoming parts are subject to our own rigorous quality controls before being accepted into our production operations.

Every year, we participate in exhibitions around the world. We consider ESG aspects when selecting suppliers for setting up our display booths. Bidders are required to address matters such as recycling, reuse, and transportation of goods

Our main shipping forwarder, which operates according to advanced corporate responsibility practices, supplies about 85% of Elbit's air and sea shipping needs. Every quarter, the company provides us with our shipping emissions data. Together, we are working to consolidate shipments and thereby reduce the scope of shipping and the emissions it causes.

Conflict Minerals

Elbit Systems' policy is to use conflict-free minerals in our products. We have taken measures, consistent with the OECD Guidelines, to meet the applicable reporting obligations, including enhancing our supply chain due diligence and internal controls relating to conflict minerals.

As part of our conflict minerals compliance policy, we prioritize the most relevant current and potential suppliers of raw materials or products, and request that they complete a Conflict Minerals Supplier Due Diligence Questionnaire. In 2023, our due diligence was conducted at the supplier level, mainly first-tier manufacturers. The response rate among suppliers surveyed exceeded 75%. As required, we have reported annually on conflict minerals to the U.S. Securities and Exchange Commission. The report is available on our website.

Conducting Supplier Dialogue

In 2023, we conducted our third supplier survey. Out of 450 strategic suppliers invited to participate, we achieved a 45% response rate. The purpose of the survey is to assess how suppliers perceive Elbit Systems, understand our requirements and expectations as their customer, and to evaluate their overall satisfaction.

Most suppliers provided positive feedback about Elbit Systems' ethical approach, the quality of service from our engineering and warehouse teams, the positive interpersonal relationships, and the clear communication of our quality requirements. However, the survey also highlighted areas for improvement, including the need for additional technology support, shorter payment periods, and a more accessible supplier portal. In 2020, we launched a new portal to enhance processes for our suppliers and we are currently working to update the portal to make it a more user-friendly platform.

The survey also included checks in the fields of environment, safety, and labor laws to ensure suppliers are ISO 14001 and ISO 45001 certified. We also verified whether they have written procedures, implementation, and reporting systems designed to maintain a safe and appropriate work environment. Based on the survey results, we plan to collaborate with suppliers to help them improve in areas that require enhancement.

In 2023, we implemented a risk assessment system for material suppliers, evaluating factors such as whether a supplier is single source, the anticipated duration of the partnership, delivery times, quality, and financial stability and resilience. For suppliers identified as high risk, we developed a mitigation plan in collaboration with the relevant division to reduce the risk.

We encourage our employees to switch to more environmentally-friendly leased vehicles, by offering financial incentives for employees who choose hybrid vehicles and by financing of home charging stations for electric vehicles. In addition, we set an internal goal of including 500 electric vehicles in Elbit's vehicle fleet by 2025. In 2023, 202 vehicles from our vehicle fleet were electric, compared to only 75 in 2022.

Looking Forward

We have several initiatives in the pipeline in support of our ongoing commitment to ensuring a responsible supply chain:

- A screening process for our material suppliers to evaluate environmental, social and corporate governance risks in the supply chain. This process is based on an assessment by a leading ESG ratings agency in addition to periodic supplier surveys.
- Following the process of installing solar panels on the roofs of the buildings at some of our sites (see the Protecting the Environment chapter for more information), in 2024 we have pursued a contract with an energy supplier, guaranteeing that 50% of the energy supplied to Elbit will be from renewable sources.
- We are embarking on an initiative to upgrade employees' company issued mobile phones to a new model, while allowing them, or their families, to continue to use the old one and enjoy the cell phone benefits package to which Elbit employees are entitled. A similar move is being planned for computers that have fallen out of use in the Company; these will be sold to employees at a discounted price, or alternatively returned to the supplier to be reconditioned and resold.

PROTECTING THE ENVIRONMENT

Protecting the Environment

We are committed to preserving environmental resources, reducing ecological footprints and preventing environmental pollution, throughout the lifecycle of our products. To this end, we comply with the requirements of local and global Environmental, Health and Safety (EHS) regulations in all our operations. Elbit Systems' EHS policy is publicly available on our website, as is our dedicated EHS report.

Our global EHS management system covers 99.7% of Elbit Systems' global business operations, which includes sites where we have full operational control, as well as our activities at sites of major customers. These sites undergo annual internal audit evaluations regarding compliance with regulations and voluntary standards. All of these operations are included in this report.

We uphold applicable environmental laws and regulations in all countries in which we operate, and we have been certified to the ISO 14001 environmental management systems standard at our main sites, which cover 78% of our employees. In the past fiscal year, we have not been required to pay any significant fines related to environmental or ecological issues.

EHS Committee

A committee consisting of senior executives from throughout the organization - including finance, business units, facilities, procurement, security and the Chief Operating Officer (COO) - convenes annually to identify and assess the main EHS risks and opportunities for the organization, including climate-related issues. The global EHS team sets global targets for most of our environmental indicators, which are presented by our Board of directors during the ESG review. Environmental efficiency targets are tied to performance bonuses for our COO and managers in the areas of transportation, operations and facilities.

Technological Solutions with Added Environmental Value

Elbit Systems makes significant ongoing investment in breakthrough technological solutions that help protect the environment. We implement a clear sustainable methodology in our development processes, mainly in the choice of materials and components, energy use, weight, quality and other relevant factors. Many of these processes have a direct impact on environmental aspects, for example:

Construction materials

We source light and durable materials for use in our production lines, for example fiberglass, which enables greater time and distance propulsion, corresponding to enhanced energy efficiency.

Lead-free structural walls

We have implemented a dedicated model for lead-free airborne platforms, with the understanding that, in the near future, the use of lead-based materials will be prohibited.

3D printing

We have initiated the production of certain product components - for example aluminum parts with a lattice structure for UAS (unmanned aircraft systems) -using additive manufacturing (AM) technology with industrial 3D printers. This innovative approach has a number of impacts, including significantly reducing material usage and wastage. It also results in lighter components that save weight in shipments, thereby contributing to lower emissions during transportation, reducing fuel consumption and enhancing energy efficiency.

Our 3D printing processes adhere to strict safety requirements, with no compromise to quality or performance. It saves up to two tons of metal and two tons of plastic each year, and these figures are expected to increase in the coming years as the use of this technique grows; given these substantial environmental advantages, we aim to integrate 3D printing technology into the production of an increasing number of products in the future.

Reducing our Carbon Footprint

We regularly review our internal environmental practices, share learning across our global organization, and engage employees throughout our operations in regular communications and activities related to resource consumption and other environmental issues.

We continue to enhance our efficiency initiatives regarding resource consumption and greenhouse gas emissions, notwithstanding the fact that our acquisition of businesses in Israel, in the U.S. and in Europe in recent years has impacted our environmental KPIs. An example of one such initiative relates to electricity - one of the main resources we consume, with the greatest impact on our carbon footprint. Looking towards the use of cleaner and greener energy sources, such as renewable energy, we have installed photovoltaic systems at several of our sites in Israel, selling the electricity produced to the Israel Electric Corporation as part of its tariff regulation initiative. As of the end of 2023, one percent of the energy used by Elbit Israel comes from renewable sources, contributing to a saving of 670 tons of carbon emissions per year. In the coming years, we plan to expand this project to additional sites in Israel, and to our overseas subsidiaries.

Other initiatives that have been launched at many of our facilities include:

- Improved air conditioning and lighting controls, automatic sensors and LED lighting.
- Use of low-emission, hybrid or electric vehicles in our Company vehicle fleets, and encouragement of employees to use it in their lease cars.
- Continuous proactive maintenance in our manufacturing operations, to achieve maximum efficiencies and minimum waste of resources.
- Smart water metering, leak monitoring and identification, process water recycling, and installation of water-efficient equipment in washrooms and bathrooms.
- Use of excess water from HVAC systems for landscape irrigation, where possible.
- Waste reduction at source, reuse of packaging materials, and recycling of various materials.
- Compliance with hazardous materials regulations, such as RoHS and REACH standards, and other customer requirements.
- Repurchase of products for reuse, or recycling of products (as a whole or their raw materials). In cases where products cannot be returned to us, we support implementation of optimal disposal alternatives, in compliance with local regulations.
- Sustainable innovation methodology in our development processes, mainly in the choice of materials and components, energy use, weight, quality and other relevant factors.

New Approach to Hazardous Waste Management Reduces Environmental Impact

In 2022, a procurement committee was established to optimize the company's hazardous waste management. Following the committee's work, we decided on a consolidated approach to hazardous waste management and selected a contractor that manages, removes, and treats hazardous waste in the following ways:

- Oil waste and oil sludge that were once sent to landfill are transferred to the waste-to-energy facility in Naot Hovav and used to produce energy.
- Activated charcoal is sent to a cement factory in Israel for use as fuel, helping reduce its reliance on fossil fuels by recovering energy from waste.
- Waste from organic solvents, which used to be sent for incineration, is now distilled and reused to produce thinners for paint factories.
- Contaminated equipment is sorted and cleaned: plastic and metal components are recycled, and the remaining waste is sent to the cement factory for energy recovery.

This new approach to hazardous waste management helps the Company to reduce its environmental impact.

Climate Change Risks

Recognizing the potential environmental impacts of our ongoing operations, we evaluate climate change risks, both transitional and physical, on a periodic basis. We estimate that non-compliance with GHG reporting regulations could potentially cause concern among our customers and other stakeholders.

Greenhouse Gas (GHG) Emissions

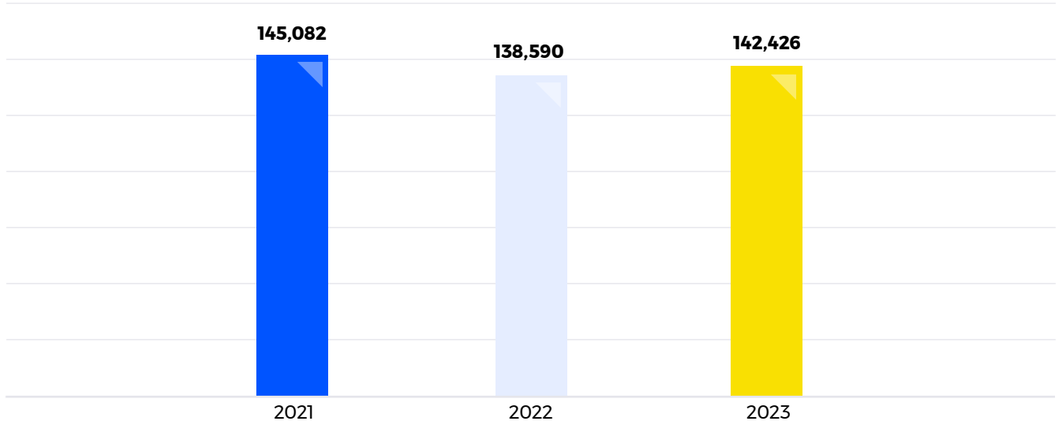
We have monitored our GHG emissions since 2012, and submitted our inventory for verification by a third-party independent auditor in accordance with ISO 14064-3. The results of this independent verification are presented below. Following the October 7th attack, a significant number of sites shifted to a double-shift operation and even continuous 24/7 work. The significant increase in production activity in the last quarter of the year, increased the consumption of electricity, water, fuel, waste, and other resources and affected our GHG emissions and efficiency.

A Low-Carbon Fleet

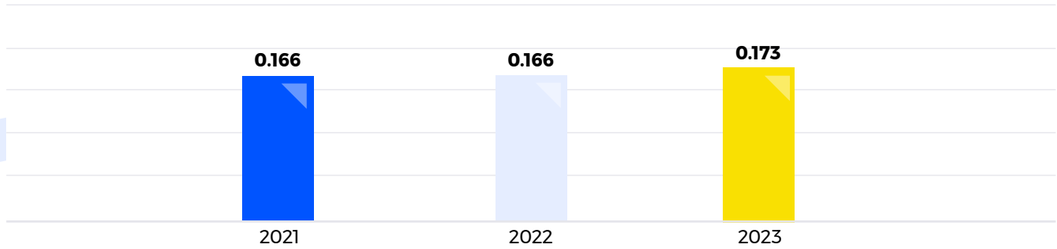
In Israel, we maintain a large fleet of more than 3,600 vehicles for use by our employees. In 2023, 61% of this fleet was made up of electric/ hybrid vehicles (an increase of 11% compared to 2020), helping us reduce fuel consumption and greenhouse gas emissions. 202 of our cars in Israel are electric. By 2025, we expect that 20% of our Israeli fleet (around 500 cars) will be electric.

We encourage our employees to choose hybrid or electric cars in their leased cars. To support our employees, we sponsor the installation of charging stations next to their homes and provide financial incentives for hybrid cars.

GHG emissions Scopes 1+2 (in tons, CO2e)



GHG Emissions Efficiency (tons CO2e per m2)



IMI Systems Preserves Rare Plants and Wildlife in Ramat Hasharon

The IMI Systems site in Ramat Hasharon has allowed some of the area to become a nature reserve where plants and animals live undisturbed. As the site is being relocated to the south and the land is being prepared for massive construction, Elbit Systems, together with the Israel Nature and Parks Authority, is mapping and clearing the area in order to preserve the biological diversity of rare plants. The company has collected seeds from yellow and purple lupines and other plants, and moved them to a suitable area not intended for construction, where they can continue to grow undisturbed.

Sustainable Aviation Fuel (SAF)

A declaration from the third ICAO Conference on Alternative Aviation Fuels (CAAF/3) in 2023, set a goal to reduce international carbon emissions by 5% by 2030, through the use of Sustainable Aviation Fuel (SAF), Low Carbon Aviation Fuels (LCAF), and other cleaner energy technologies.

SAF has similar properties to conventional jet fuel, but is made from renewable biomass and waste resources, so it has a smaller carbon footprint both in terms of its production and use. A domestic supply of SAF can also enhance energy security and protect local airlines from inflationary shocks in the aviation fuel market.

To help promote the use of SAF, Elbit Systems has become a member of the Boeing Israel Sustainable Aviation Fuel Innovation Centre. The Center supports a study at the Technion – Israel Institute of Technology that will identify international policies aimed at incentivizing a commercially-viable SAF industry, and how these policies may be applied in Israel.

Renewable Energy in Brazil

Elbit subsidiary, AEL Sistemas, purchases electricity through the free energy market, supplied by Copel - one of the largest energy traders in the country. Generating power through various plants across Brazil, Copel has a robust portfolio, including sustainable plants such as solar, wind, and biomass, which contribute to a cleaner and more diverse energy mix.

The free energy market allows large consumers, such as AEL Sistemas, to negotiate directly with generators and traders, choosing their suppliers based on the best commercial terms and sustainability conditions. This negotiation format facilitates greater autonomy and cost savings, while also enabling the pursuit of renewable energy sources.

In 2023, AEL Sistemas reduced its carbon dioxide emissions by 96.35 tons, and received a Renewable Energy Certificate certifying that part of the energy used by the company came from clean sources such as solar, wind, and biomass.

Elbit Systems is part of the Roundtable Economic Forum and the Policy and Regulation Group of the Manufacturers' Association of Israel. As active members of both forums, we are in direct contact with major companies in Israel, and work together to influence the Israeli government to introduce more sustainable practices, policies and regulations.

As well as representing the industry before decision-makers, these two forums formulate the Manufacturers' Association's policy regarding environmental protection activities of the industry, such as: reduction of air emissions, reduction of pollutants in sewage and wastewater, safe disposal of hazardous materials, creation of standards and reports related to the environment, integration of technology, and promotion of clean-tech. Committee members receive regular updates on technological innovations and relevant legal rulings in the field.

Looking Forward

In the new and renovated Elbit Systems' factory being established in Ramat Beqa in Southern Israel, the strictest environmental standards of the Ministry of Environmental Protection are being implemented, in alignment with Elbit's sustainability strategy and efforts to reduce its carbon footprint.

For example, a Regenerative Thermal Oxidizer (RTO) will be installed to efficiently treat volatile organic compounds (VOCs) emitted during production processes, by oxidizing them at high temperatures and converting them into water and carbon dioxide. Additionally, the oxidizer will contribute to significant energy savings, as the heat generated will be reused in production processes that require heating.

We also plan to develop new production processes, such as green consolidation, which will reduce annual use of solvents by tens of tons.

ESG DATA AND INDEX

ESG Data and Index

Employees by employment contract and gender*	2020			2021			2022			2023		
	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women	All
Total**	11,507	3,512	15,019	11,367	3,876	15,243	11,849	4,017	15,866	13,193	4,823	18,016
Full time**	11099	3218	14,317	10,968	3,558	14,526	11,338	3,657	14,995	12,735	4,472	17,207
Part time**	408	294	702	399	318	717	511	360	871	452	348	800

Employees by gender and contract	GRI Standard	Unit	2020	2021	2022	2023
Women in our workforce	405-1	%	24%	24%	25%	27%
Women in management	405-1	%	14%	16%	18%	17%
Full-time employees	2-7	%	95%	95%	95%	95%
Employees with collective bargaining agreements	2-7	%	37%	38%	35%	37%
Employees by age						
Employees below age 30	405-1	%	7%	11%	12%	17%
Employees aged 30-50	405-1	%	56%	51%	50%	52%
Employees over age 50	405-1	%	37%	38%	38%	30%
Employees with disability	405-1	%	2.8%			2.9%
Employees covered in Sustainability Report		Headcount, year end	15,019	15,243	15,866	18,017

Training and development	GRI Standard	Unit	2020	2021	2022	2023
Employee training average hours	401-1	Hours average /person/year	12.2		12	12
Employee performance reviews	404-3	% of employees	100%			95%
Employee survey engagement		% of employees engaged	n/a	n/a	n/a	74%
Eligible employees receiving anti-corruption training	205-2	%	100%			100%

New hires and turnover	GRI Standard	Unit	2020	2021	2022	2023
New hires	401-1	Headcount	1,562	2,063	2,527	2,976
Men	401-1	Headcount	1,140	1,509	1,829	2,123
Women	401-1	Headcount	422	554	698	853
Employees below age 30	401-1	Headcount	494	721	790	1,222
Employees aged 30-50	401-1	Headcount	842	1,068	1,379	1,341
Employees over age 50	401-1	Headcount	226	274	358	412
New hires rate	401-1	%	10%	14%	16%	17%
Men	401-1	%	10%	13%	15%	14%
Women	401-1	%	12%	14%	17%	14%
Leavers	401-1	Headcount	1,734	1,860	2,016	2,089
Men	401-1		1,002	1,378	1,497	1,448
Women	401-1		372	482	519	641
Employees below age 30	401-1		206	339	335	649
Employees aged 30-50	401-1		614	939	1,058	913
Employees over age 50	401-1		554	602	623	527
Leavers hires rate	401-1		9.30%	12%	13%	11%
Men	401-1		9%	12%	13%	11%
Women	401-1		10%	12%	13%	13%

Health and Safety Data

Injury frequency rate (employees +contractors)		GRI Standard	2020	2021	2022	2023
Brazil	Injury frequency rate (LTIFR) (lost-time injuries per 200k hours worked)	403-9	0			0
Israel			0.77	0.63	0.56	0.79
U.S.			0.04	0.38	0.86	0.91
UK			0	0.75		0.26
Romania			0	0.17		0
Total			0.65	0.56	0.55	0.9

Lost day rate due to injuries (employees + contractors)		GRI Standard	2020 (including IMI and new site in US)	2021	2022	2023
Brazil	Lost-day per 200k hours	403-9	0			0
Israel			16.94	9.08	6.34	16.3
U.S.			3.18	15.24	42.27	43.3
UK			0	33.97		0.2
Romania			0	7.53		0
Total			14.45	10.15	11.47	23.8

Environmental Performance Data

	GRI standard	Unit of measurement	2020	2021	2022	2023
Materials used (Paper)	301-1	Ton	140.04	144.77	262.41	116.073
Direct energy consumption (Scope 1)[7]	302-1	MWh	136,083	114,181	107,193	100,676
Indirect energy consumption (Scope 2)	302-2	MWh	276,083	269,746	269,672	284,768
Total energy consumption (Scope 1+2)		MWh	412,166	383,927	376,865	385,444
Energy efficiency	302-3	MWh/m²	0.496	0.439	0.451	0.469
Scope 1 GHG emissions	305-1	Tons CO_2e	34,029	29,012	27,875	26,812
Israel			31,571	28,174	26,838	25,935
U.S.			227	247	375	408
Brazil[4]			49	35	33	41
UK			1,887	151	208	214
Romania			263	405	421	215
Scope 2 GHG emissions[5]	305-2	Tons CO_2e	117,339	116,039	110,682	115,614
Israel			93,710	92,160	91,872	98,612
U.S.			20,340	20,408	15,874	15,246
Brazil			254	290	270	0
UK			541	760	714	432
Romania			1,945	1,764	1,665	1,324
Scope 1+2 GHG emissions	305	Tons CO_2e	135,090	145,082	138,590	142,426
GHG emissions efficiency[6]	305-4	Tons CO_2e/m^2	0.182	0.166	0.166	0.173
Scope 3[8]	305-3	Tons CO_2e	54,460	66,659	54,329	63,620

	GRI standard	Unit of measurement	2020	2021	2022	2023
Volatile organic compounds (VOC) in Israel only	305-7	Metric tons	92.0	74.3	92.3	88.1
Water withdrawal[9]	303-1	m^3	916,398	1,026,296	1,009,488	1,159,168
Israel			761,286	852,079	824,827	952,386
U.S.			141,839	160,860	170,661	179,888
Brazil			2,640	3,664	5,051	5,900
UK			3,760	3,517	3,408	5,684
Romania			6,393	5,382	4,254	5,309
Water efficiency	303-1	m^3 /employee	44.11			62.7
Total hazardous waste	306-2	Metric tons	3,298	2,175	1,879	4,000
Reuse/recycling	301-2	Metric tons	465	228	192	741
Landfill		Metric tons	1,410	1,944	1,422	2,884
Other treatment		Metric tons	1,423	3	265	376
Hazardous waste recycling rate	301-2	%	14%	10%	10%	19%
Total non-hazardous waste		Metric tons	32,436	10,766	10,397	13,813
Reuse/recycling	301-2	Metric tons	8,765	4,117	4,099	4,434
Landfill		Metric tons	23,671	6,649	6,298	9,380
Non-hazardous waste recycling rate		%	27%	38%	39%	32%
Total waste	306-1	Metric tons	35,734	12,941	12,277	17,813

[7] Fuels for operational use only
[8] Scope 3 includes categories 1 (water and paper consumption), 3, 5 and 6.
[9] A new category was added to our scope 3 calculation in 2023; Petrol transportation (WWT)

GRI Index

GRI Standard	Disclosure	Location & Page #
GRI 2: General Disclosures 2021	2-1 Organizational details	4-6
	2-2 Entities included in the organization's sustainability reporting	8
	2-3 Reporting period, frequency and contact point	8
	2-6 Activities, value chain and other business relationships	4-6
	2-7 Employees	35
	2-8 Workers who are not employees	50
	2-9 Governance structure and composition	14-15
	2-11 Chair of the highest governance body	7
	2-12 Role of the highest governance body in overseeing the management of impacts	15
	2-13 Delegation of responsibility for managing impacts	15
	2-14 Role of the highest governance body in sustainability reporting	15
	2-15 Conflicts of interest prevention	15
	2-16 Communication of critical concerns	16-18
	2-17 Collective knowledge of the highest governance body	14
	2-18 Evaluation of the performance of the highest governance body	15
	2-19 Remuneration policies	15
	2-20 Process to determine remuneration	15
	2-21 Annual total compensation ratio	Not reported
	2-22 Statement on sustainable development strategy	3
	2-27 Compliance with laws and regulations	14
	2-29 Approach to stakeholder engagement	10

GRI Standard	Disclosure	Location & Page #
GRI 3: Material Topics 2021	3-1 Process to determine material topics	8
	3-2 List of material topics	8
	3-3 Management of material topic: Corporate Governance, ESG Risk Management and Business Ethics	14-18
	3-3 Management of material topic: Developing New Products with Added ESG Value	14-18
	3-3 Management of material topic: Cybersecurity	33
	3-3 Management of material topic: Business Continuity	20, 23, 35
	3-3 Management of material topic: Product Quality and Customer Service	33
	3-3 Management of material topic: Employee Welfare and Appropriate Work Environment	35, 41-42
	3-3 Management of material topic Development and Training, Diversity, and Equal Opportunities	36, 38
	3-3 Management of material topic: Health and Safety	41
	3-3 Management of material topic: Responsible Supply Chain	50-52
	3-3 Management of material topic: Climate Risk Management	55-56
	3-3 Management of material topic: Responsible Resource Consumption, Emissions Reduction, and Environmental Management	54-55
	3-3 Management of material topic: Hazardous Chemicals and Materials	55
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	7
	201-3 Defined benefit plan obligations and other retirement plans	41-42
	201-4 Financial assistance received from government	A grant from the Israel Innovation Authority was received in 2023
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Entry level wage at ESL is above minimum wage
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	23, 29, 44, 47
	203-2 Significant indirect economic impacts	29, 39, 47-48
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	50
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	52
	205-2 Communication and training about anti-corruption policies and procedures	17-18
	205-3 Confirmed incidents of corruption and actions taken	There were no incidents in 2023
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal actions took place in 2023

GRI Index

GRI Standard	Disclosure	Location & Page #
GRI 301: Materials 2016	301-1 Materials used by weight or volume	61- ESG data table
	301-2 Recycled input materials used	61- ESG data table
GRI 302: Energy 2016	302-1 Energy consumption within the organization	61- ESG data table
	302-2 Energy consumption outside of the organization	Not relevant
	302-3 Energy intensity	61- ESG data table
	302-5 Reductions in energy requirements of products and services	55-57
GRI 303: Water and Effluents 2018	303-5 Water consumption	61- ESG data table
GRI 305: Emissions 2016	3-3 Management of material topic: Reducing our carbon footprint	55-57
	305-1 Direct (Scope 1) GHG emissions	61- ESG data table
	305-2 Energy indirect (Scope 2) GHG emissions	61- ESG data table
	305-3 Other indirect (Scope 3) GHG emissions	61- ESG data table
	305-4 GHG emissions intensity	61- ESG data table
	305-5 Reduction of GHG emissions	55-57
	305-6 Emissions of ozone-depleting substances (ODS)	Not reported
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	61- ESG data table
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	55
	306-2 Management of significant waste-related impacts	55
	306-4 Waste diverted from disposal	61- ESG data table

GRI Standard	Disclosure	Location & Page #
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	59- ESG data table
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	There are no benefits provided to full-time employees that are not provided to temporary or part-time employees
	401-3 Parental leave	Not reported
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	41
	403-2 Hazard identification, risk assessment, and incident investigation	41
	403-6 Promotion of worker health	20-22, 41
	403-8 Workers covered by an occupational health and safety management system	41
	403-9 Work-related injuries	41
	403-10 Work-related illness	Not reported
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	36
	404-2 Programs for upgrading employee skills and transition assistance programs	20-22, 36
	404-3 Percentage of employees receiving regular performance and career development reviews	36, 59- ESG data table
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	14, 38-40
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	We were not informed in any such incidents in 2023
GRI 407: Freedom of association and Collective bargaining 2016	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	51-52
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	23, 39, 44-49
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	51-52
	414-2 Negative social impacts in the supply chain and actions taken	51-52
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Not reported
	417-3 Incidents of non-compliance concerning marketing communications	Not relevant
GRI 418: Customer Privacy 2016	Substantiated complaints concerning breaches of customer privacy and losses of customer data	33

SASB Content Index Aerospace and Defense

		Disclosure	Page number
Energy Management	RT-AE-130a.1	Total energy consumed, percentage grid electricity and percentage renewable	61- ESG data table. As for the end of 2023, 1% of the energy comes from renewable sources.
Hazardous Waste Management	RT-AE-150a.1	Amount of hazardous waste generated and percentage recycled	61- ESG data table
	RT-AE-150a.2	Number and aggregate quantity of reportable spills	Not reported
Data Security	RT-AE-230a.1	Number of data breaches involving confidential information	33
	RT-AE-230a.2	Description of approach to identifying and addressing data security risks	33
Product Safety	RT-AE-250a.4	Total amount of monetary losses as a result of legal proceedings associated with product safety	Not reported
Fuel Economy & Emissions in Use-phase	RT-AE-410a.2	Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products	55-57
Materials Sourcing	RT-AE-440a.1	Description of the management of risks associated with the use of critical materials	52, 54
Business Ethics	RT-AE-510a.1	Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery or illicit international trade	There were no monetary losses associated to such incidents in 2023.
	RT-AE-510a.3	Discussion of processes to manage business ethics risks throughout the value chain	14-17, 50-51

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